

OCT 30 '09

4-00 PM

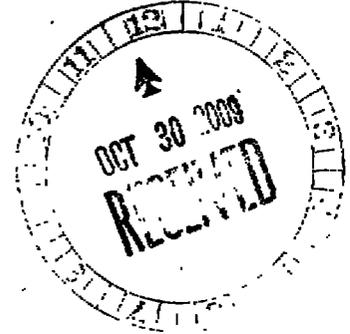
FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832MYLES L. TOBIN
(312) 252-1500
mtobin@fletcher-sippel.com

October 29, 2009

SURFACE TRANSPORTATION BOARD

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com*Via Overnight (Next Business Day) Delivery*Ms. Anne K. Quinlan
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Loan and Security Agreement, dated as of October 30, 2009, a primary document as defined in the Board's Rules for the Recordation of Documents and an original and two (2) copies of an Assignment of Rents and Lessor's Interest in Leases, dated as of October 30, 2009, 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:

Debtor:

Permian Basin Railways, Inc.
Central Car Repair, LLC
Isla Largo, LLC
118 South Clinton Street
Suite 400
Chicago, Illinois 60601

Arizona Eastern Railway

San Luis & Rio Grande Railroad

Texas and New Mexico Railroad

West Texas & Lubbock Railway

Chicago Terminal Railroad Company

FLETCHER & SIPPEL LLC

Ms. Anne K. Quinlan
October 29, 2009
Page 2

High Iron Travel Corp.

Mount Hood Railroad Company

Mount Hood Railroad Dinner Train

Hood River Rail Company, LLC

Secured Parties:

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

A description of the railroad equipment is included as Exhibit A to the document. Included in the property covered by the aforesaid documents are rolling stock and equipment intended for use and related to interstate commerce.

Also enclosed is a check in the amount of \$82.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Respectfully submitted,



Myles L. Tobin
Attorney for Secured Party

Enclosures.

OCT 30 '09

4-00 PM

**MEMORANDUM OF
LOAN AND SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of September 29, 2009, is made by and between Fifth Third Bank, a Michigan 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");

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

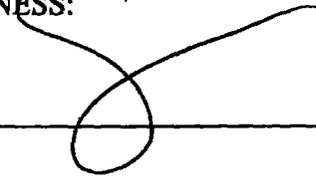
1. ACCORDINGLY, pursuant to the terms of the Loan Agreement (as the same may be amended and/or restated from time to time), and to secure the payment and performance of any and all of Borrowers' obligations to the Bank, Borrowers granted to the Bank a continuing, first priority security interest in and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



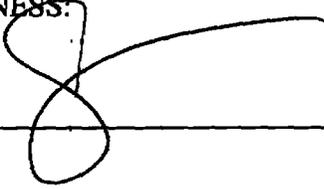
PERMIAN BASIN RAILWAYS, INC., an Illinois Corporation, individually, and as owner of Arizona Eastern Railway, San Luis & Rio Grande Railroad, Texas & New Mexico Railroad, West Texas & Lubbock Railway, Chicago Terminal Railroad Company, Hood River Rail Company, LLC, Mt. Hood Railroad Company, and Mt. Hood Railroad Dinner Train.

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:

FIFTH THIRD BANK,
a Michigan Banking Corporation

By: _____

Title: _____

[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 Arizona Eastern Railway, San Luis & Rio Grande Railroad, Texas & New Mexico Railroad, West Texas & Lubbock Railway, Chicago Terminal Railroad Company, Hood River Rail Company, LLC, Mt. Hood Railroad Company, and Mt. Hood Railroad Dinner Train,

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

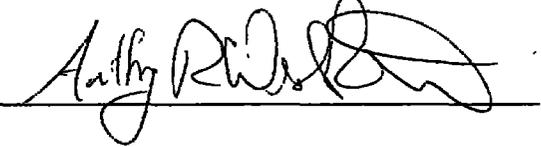
By: Iowa Pacific Holdings, LLC

Its: Manager

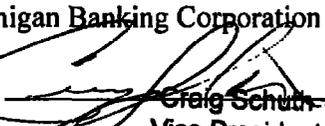
By: _____

Title: Manager

WITNESS:



FIFTH THIRD BANK,
a Michigan Banking Corporation

By:  _____

Craig Schuch
Vice President

Title: _____
Fifth Third Bank

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28 day of September, 2009, before me, a Notary Public of the County and State aforesaid, personally appeared Colvin Ellis to me personally known, who being by me duly sworn, says that he is the manager 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

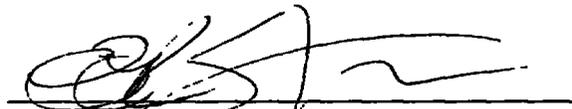
My Commission Expires:
4.14.2013



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

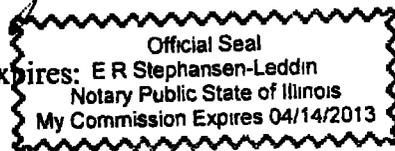
On this 28 day of September, 2009, before me, a Notary Public of the County and State aforesaid, personally appeared Colvin Ellis to me personally known, who being by me duly sworn, says that he is the manager of Central Car Repair, LLC, an Illinois limited liability company, that said instrument was 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:
4.14.2013



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28 day of September, 2009, before me, a Notary Public of the County and State aforesaid, personally appeared Robert C. ... 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.

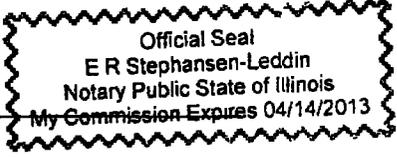
AS WITNESS my hand and notarial seal.



Notary Public

My Commission Expires:

4-14-2013



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this ___ day of September, 2009, 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, a Michigan 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:

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

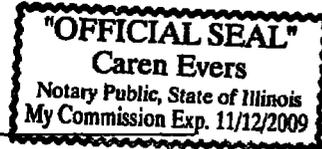
On this 29 day of September, 2009, before me, a Notary Public of the County and State aforesaid, personally appeared CRAIG SCUTH to me personally known, who being by me duly sworn, says that he is the VP of Fifth Third Bank, a Michigan banking corporation, that said instrument was signed on behalf of 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.

Caren Evers

Notary Public

My Commission Expires:
11-12-09



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this ___ day of September, 2009, 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 RBS Citizens, N.A., a national 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:

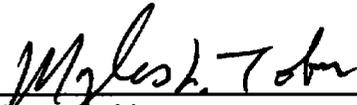
EXHIBIT A

YEAR	MAKE	TYPE	MODEL	VALUE NEW	VIN #	LOCATION	STATE
1981	GMC	Truck	Brigadier Boom Truck	\$ 20,000.00	1GDP8C1Y7BV588106	Brownfield	TX
1997	Chevy	Truck	2500 Utility Shop	\$ 18,000.00	1GCFC24F9WZ172113	Kermit	TX
1990	HMDE	Trailer	16 Foot	\$ 500.00	45HHH1629L1584331	Brownfield	TX
1993	Chevy	Truck	GMT-400	\$ 18,500.00	1GBHK34KOPE224478	Brownfield	TX
1990	Ford	Truck	L800	\$ 37,500.00	1FDYW82A8LVA42939	Alamosa	CO
1982	GMC	Truck	Topkick	\$ 25,000.00	1GDT9C4Z8CV594562	Kermit	TX
1993	Big Tex	Trailer	Trailer	\$ 5,000.00	16VGX2825P1836565	Brownfield	TX
2008	Ford	F150	Pickup	\$ 23,582.00	1FTRW12W58KB25473	Brownfield	TX
1995	Chevy	Truck	C3500-Heavy Duty	\$ 8,000.00	1GBKC34SX5J112584	Alamosa	CO
1999	Ford	Pickup	F250 Super Duty	\$ 11,250.00	1FTNXX21S3XED47235	Claypool	AZ
1999	Chevy	Truck	Tahoe	\$ 8,250.00	1GNEC13RXJ350462	Safford	AZ
1995	Chevy	Pickup	C3500 Flat Bed	\$ 3,500.00	1GBHC34KXSE220878	Claypool	AZ
2000	Chevy	Truck	Silverado C1500	\$ 8,500.00	2GCEC19W8Y1394193	Claypool	AZ
1998	Chevy	Pickup	C3500	\$ 3,750.00	1GCGC34R2TZ155018	Alamosa	CO
2000	Chevy	Pickup	C3500	\$ 8,750.00	1GCGC33R9YF489198	Claypool	AZ
1998	Dodge	Pickup	Dakota	\$ 3,750.00	1B7FL28X0W2863358	Claypool	AZ
1998	Chevy	Pickup	C3500	\$ 3,250.00	1GCGC34R2WE208604	Claypool	AZ
1998	Chevy	Pickup	C3500	\$ 8,250.00	1GBJC34R5WF017019	Claypool	AZ
1982	Chevy	Truck	2500 3/4 TON	\$ 24,300.00	2GCGC29KXN242330	Albuquerque	NM
2000	Chevy	Pickup	C3500	\$ 8,750.00	1GCGC33R9YF475835	Claypool	AZ
1994	GMC	Pickup	Crew Cab - Boom Truck	\$ 11,250.00	1GDM7H1J4RJ504637	Safford	AZ
2004	Chevy	Pickup	Silverado K2500 HD	\$ 40,000.00	1GCHK23194F141407	Safford	AZ
2004	Chevy	Pickup	Silverado K2500 HD	\$ 40,000.00	1GCHK28U84E210583	Safford	AZ
2004	Chevy	Pickup	Silverado K2500 HD	\$ 40,000.00	1GCHK28U44E232124	Claypool	AZ
1999	HMDE	Trailer	Trailer	\$ 500.00	AZ223229	Claypool	AZ
1998	HMDE	Trailer	Trailer	\$ 500.00	AZ211328	Claypool	AZ
2007	Chevy	Pickup	Colorado	\$ 25,880.01	1GCDT13E378222775	Claypool	AZ
1994	Chevy	Pickup	C3500	\$ 15,000.00	1GCGC33K2RJ328080	Claypool	AZ
2007	Nissan	Pickup	Frontier	\$ 24,221.28	1N6AD07W27C441430	Safford	AZ
1998	Dodge	Pickup	1500 Club Cab Long Bed	\$ 8,027.47	3B7HF1220WG218017	Safford	AZ
2003	Ford	Truck	F-550 Service Truck	\$ 80,000.00	1FDAX57P43ED74212	Alamosa	CO
2004	Ford	Truck	F350 - 8 Pack Crew Hauler	\$ 32,000.00	1FTSW31504EC22152	Brownfield	TX
2003	Ford	Truck	F350-High Rail	\$ 84,000.00	3FTSX31523MB28585	Alamosa	CO
1992	Ford	Truck	High Rail (Don Shank)	\$ 32,000.00	1FTHX28H4PBK884946	Alamosa	CO
1992	Chevy	Truck	High Rail	NC	2GCGC29KXN1242330	Brownfield	TX
1990	INTL	Truck	Boom Truck	\$ 19,900.00	1HTSHZ3T7LH258133	Safford	AZ
1995	Ford	Truck	LTS 8000 High Rail Grapple	\$ 108,750.00	1FDYY82E5SVA88712	Safford	AZ
2000	Chevy	Truck	3500	\$ 17,000.00	1GDGC33R7YF490362	Safford	AZ
1995	GMC	Truck	TK109	\$ 3,500.00	1GTEK14K8SZ560888	Globe	AZ
2002	Ford	SUV	#500 Explorer	\$ 20,000.00	1FMZU63K82ZC64959	Denver	CO
1997	Dodge	Truck	Dodge Dakota	\$ 12,000.00	1B7GG23Y5VS270599	Brownfield	TX
1998	Ford	Truck	F450 Flat bed	\$ 12,720.00	1FDXF46FSXEC06309	Brownfield	TX
2008	Ford	Truck	Escape	\$ 17,000.00	1FMYUQ2Z46KAO2838	Eunice	NM
1998	Ford	Truck	FSD	\$ 5,000.00	1FDLF47G9TEB51899	Safford	AZ
1997	Ford	Truck	FSD	\$ 5,000.00	1FDLF47F4VEB28283	Safford	AZ
2007	Parke	UT	SA800 w/trailer	\$ 8,000.00	13ZSA081471005011	Safford	AZ
1998	GMC	Pickup	Sierra	\$ 5,000.00	1GDKC34J2WF054048	Alamosa	CO
1978	FORD	PU	F250 CUSTOM	NC	F28HRBJ3874	Hood River	OR
1988	Chevy	TRK	Custom Deluxe Crewcab	\$ 8,000.00	1GB0C30M085135059	Hood River	OR
1999	GMC	TRK	Sierra Crewcab	\$ 24,170.00	1GTHK33RZXF059888	Hood River	OR
2007	Jeep		Grande Cherokee	\$ 25,081.00	1J8GR48KX7C615593	Brownfield	TX
2008	Ford	Truck	F250 Super Duty Crewcab	\$ 30,500.00	1FTSW20R0BED65438	Brownfield	TX
1999	Ford	Truck	F350 Crew Cab, Diesel	\$ 20,000.00	1FTSW30F7XEB82998	Brownfield	TX
2001	Ford	Truck	F350 Utility Hi-Rail	\$ 8,800.00	1FTSF30I51ED04061	Elk Grove Vill	IL
1995	Ford	Truck	F800 Utility Crane Hi-Rail	\$ 9,800.00	1FDXF80E1SVA25417	Brownfield	TX
2006	Mack	CXN	Mack CXN	\$ 62,500.00	1M1AK06Y56N009686	Safford	AZ
2000	Trailer King		Trail King detachable stretch	\$ 48,500.00	1TKB05221YM089773	Safford	AZ
1999	Ford	SUV	Expedition	\$ 7,000.00	1FMPU1819XLB16678	Alamosa	CO
1989	GMC	Tandem	Brigadier	\$ 20,000.00	4GDT9C4Z5KV800063	Elk Grove Vill	IL
1995	Ford	Crane	F800 N50 Crane	\$ 9,800.00	1FDXF80E1SVA25417	Brownfield	TX
2004	Ford	Truck	F350 hi rail	\$ 17,500.00	1FTSW30L54EC58204	Safford	AZ

UNIT #	MODEL	VALUE	BUILT	ACQ	SERIAL #
AZER 2056	EMD GP-20	\$150,000	1960	Nov-04	7603-47
AZER 2171	EMD GP-20	\$175,000	1960	Nov-04	7594-
MRAX 515	EMD E-8	\$175,000	Jun-53	Jun-09	18120
MRAX 516	EMD E-8	\$175,000	Jun-53	Jun-09	18119
MRAX 518	EMD E-8	\$175,000	Jun-53	Jun-09	18121
MRAX 521	EMD E-8	\$175,000	Jul-51	Jun-09	14659
MRAX 21	EMD BL-2	\$125,000	Mar-49	Jun-09	8613
MRAX 58	EMD BL-2	\$125,000	Apr-49	Jun-09	8618

UNIT #	MODEL	VALUE	LOCATION
SLRG 2001	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2012	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2017	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2018	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2019	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2865	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2869	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2904	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2938	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2992	Passenger Car	\$25,000	Letterkenny, PA
SLRG 2912	Passenger Car	\$25,000	Madison, IL
SLRG 2958	Passenger Car	\$25,000	Madison, IL
SLRG 2960	Passenger Car	\$25,000	Madison, IL
SLRG 2967	Passenger Car	\$25,000	Madison, IL
SLRG 2976	Passenger Car	\$25,000	Madison, IL
SLRG 2011	Passenger Car	\$25,000	Landisville, PA
SLRG 2833	Passenger Car	\$25,000	Landisville, PA
SLRG 2803	Passenger Car	\$25,000	Landisville, PA
SLRG 2926	Passenger Car	\$25,000	Landisville, PA
SLRG 2951	Passenger Car	\$25,000	Landisville, PA
SRLG 2955	Passenger Car	\$25,000	Landisville, PA
SRLG 2991	Passenger Car	\$25,000	Landisville, PA

Under penalty of perjury, I declare that I have compared the foregoing copy of the Memorandum of Loan and Security Agreement with the original and have found the copy to be complete and identical in all respects to the original document.



Myles J. Tobin
Filer for Secured Party