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ORIGINAL  
2/22/10

THOMAS F. MCFARLAND

October 11, 2004

By overnight mail

Vernon A. Williams, Secretary  
Surface Transportation Board  
Case Control Unit, Suite 713  
1925 K Street, N.W.  
Washington, DC 20423-0001

Re: STB Docket No. AB-868X, *Mississippi Tennessee Holdings, LLC --  
Abandonment Exemption -- in Union, Pontotoc and Chickasaw Counties, MS*

STB Docket No. AB-869X, *Mississippi Tennessee Railroad, LLC --  
Discontinuance of Service -- in Union, Pontotoc and Chickasaw Counties, MS*

Dear Mr. Williams:

Enclosed please find an original and 10 copies of Reply To Request To Set Terms And  
Conditions For Financial Assistance, for filing with the Board in the above referenced matter.

Very truly yours,

*Tom McFarland*

Thomas F. McFarland  
*Attorney for Rail Line Owner*

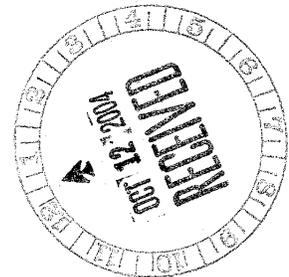
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cc: John D. Heffner, Esq., *by overnight mail*

ENTERED  
Office of Proceedings

OCT 12 2004

Part of  
Public Record



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ORIGINAL

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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MISSISSIPPI TENNESSEE HOLDINGS, )  
LLC -- ABANDONMENT EXEMPTION -- ) DOCKET NO. AB-868X  
IN UNION, PONTOTOC AND )  
CHICKASAW COUNTIES, MS )  
)  
MISSISSIPPI TENNESSEE RAILROAD, )  
LLC -- DISCONTINUANCE OF SERVICE ) DOCKET NO. AB-869X  
EXEMPTION -- IN UNION, PONTOTOC )  
AND CHICKASAW COUNTIES, MS )

---

**REPLY TO REQUEST TO SET  
TERMS AND CONDITIONS  
FOR FINANCIAL ASSISTANCE**

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MISSISSIPPI TENNESSEE HOLDINGS, LLC  
102 Willow Drive  
P.O. Box 99  
O'Fallon, IL 62269

Rail Line Owner

THOMAS F. McFARLAND  
THOMAS F. McFARLAND, P.C.  
208 South LaSalle Street, Suite 1890  
Chicago, IL 60604-1112  
(312) 236-0204

Attorney for Rail Line Owner

Due Date: October 12, 2004

ENTERED  
Office of Proceedings

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BEFORE THE  
SURFACE TRANSPORTATION BOARD

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MISSISSIPPI TENNESSEE HOLDINGS, )	
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AND CHICKASAW COUNTIES, MS )	

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**REPLY TO REQUEST TO SET  
TERMS AND CONDITIONS  
FOR FINANCIAL ASSISTANCE**

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Pursuant to the Board's procedural decision served August 20, 2004, MISSISSIPPI TENNESSEE HOLDINGS, LLC (Holdings), the owner of the involved rail line, hereby replies in opposition to the Request to Set Terms and Conditions Pursuant to 49 U.S.C. 10904(c) and 49 C.F.R. 1152.27(g) (Request) filed in behalf of Hust Brothers, Inc. (Hust) on October 4, 2004.

**CONTENTIONS REGARDING NET LIQUIDATION VALUE**

Hust has offered to pay \$1,327,069.27 for the involved rail line, composed of \$980,569.27 for track materials and \$346,500 for right-of-way land, and has attempted to provide legal and evidentiary support for that amount as the NLV of the line.

In this Reply, Holdings provides legal and evidentiary support for an NLV for the rail line in the amount of \$3,747,007, composed of \$1,947,007 for track materials and \$1,800,000 for right-of-way land.

## CONTENT OF REPLY

In this Reply, Holdings first identifies the legal standards that govern rail line valuations in offer-of-financial assistance (OFA) proceedings. We then apply those standards to valuation data for the track materials and right-of-way land in the rail line.

### **I. LEGAL STANDARDS FOR RAIL LINE VALUATIONS**

In valuing a rail line in an offer-of-financial assistance (OFA) proceeding, there is a statutory requirement that the Board establish a purchase price that is not less than the fair market value (FMV) of the line. 49 U.S.C. § 10904(f)(1)(B). In the absence of a higher going concern value for continued rail use, fair market value under § 10904 is the value of the rail line assets for their highest and best nonrail use. *Chicago and North Western Transp. Co. - Abandonment*, 363 I.C.C. 956 (1981), *aff'd sub nom. Chicago and North Western Transp. Co. v. United States*, 678 F.2d 665 (7<sup>th</sup> Cir. 1982). That value usually is net liquidation value (NLV). *Burlington Northern R. Co. -- Aban. Exempt. -- in King County, WA*, 1994 ICC LEXIS 57 (Docket No. AB-6 [Sub-No. 357X], decision served April 22, 1994), *aff'd sub nom. Seattle, Lake Shore and Eastern RR, Inc. v. ICC*, 55 F.3d 684 (D.C. Cir. 1995). NLV includes real estate value plus gross salvage value of track and materials, less removal costs. *Boston and Maine Corp. -- Aband. & Discon. Exempt. in Hartford County, CT*, 1991 ICC LEXIS 178 (Docket No. AB-32 [Sub-No. 43]), decision served Aug. 9, 1991).

It has become a settled legal principle that the best evidence of the NLV of a rail line is direct evidence furnished by an executed sales contract or a written offer without significant contingencies. *The Grand Trunk Western R. Co. -- Aband. -- in Clark, Madison and Fayette Counties, OH*, 1990 ICC LEXIS 189 at \*7, n.8, emphasis added: (“We have previously held that

an executed sales contract is the best evidence of the NLV of a right-of-way. *See* Docket No. AB-225 [Sub-No. 2X], *Portland Traction Co. -- Ab. Ex. -- in Multnomah and Clackamas Counties, OR* (not printed), served January 10, 1990. A written offer without significant contingencies, and conforming to a previously attested to bid, is equally persuasive.") In that case, the ICC found that the best evidence of the net salvage value of the track materials in the rail line was furnished by written verification of firm offers to purchase all rails and OTM, turnouts and signal equipment, ties, switch timber, bridge timber and all right-of-way ballast. *Id.* at \*6.

In *Burlington Northern R. Co. -- Aban. Exempt. -- in King County, WA, supra*, the offeror made a nominal offer of \$10 to purchase the rail line based on an asserted absence of title to the land in the rail line right-of-way and a nominal value of track materials. The Rails to Trails Conservancy (RTC) made a firm offer to purchase the entire corridor at issue outside the OFA process for \$175,000. The ICC said the following in regard to the RTC offer (1994 ICC LEXIS 57 at \*18):

... any valuation of this property for rail purposes must include, at a minimum, the \$175,000 that BN would be deprived of if the property were conveyed to someone else ...

In upholding the ICC's decision in that case, the Court in *Seattle, Lake Shore and Eastern RR, Inc. v. ICC, supra*, said (1995 US App. LEXIS 12212 at \*1):

The Interstate Commerce Commission reasonably concluded, based on the written Rails to Trails Conservancy offer of \$175,000 for both parts of the line at issue in this case, that the petitioners' offers of \$10 for each of the two parts were unlikely to equal the acquisition cost of the line ...

The seminal decision on this issue is *Portland Traction Co. -- Aband. Exempt. -- in Multnomah and Clackamas Counties, OR*, 1990 ICC LEXIS 16. In that case, the ICC found that an executed sales contract provided the best evidence of the right-of-way's value (at \*10-11). Accord: *Grand Trunk Western R. Co. -- Aband. -- in Montcalm and Gratiot Counties, MI*, 1984 ICC LEXIS 482 at \*7.

Where there is no direct evidence of NLV, the Board resolves valuation disputes pursuant to a burden-of-proof principle. That principle is identified in *Portland Traction Co. -- Aband. Exempt. -- in Multnomah and Clackamas Counties, OR, supra*, 1990 ICC LEXIS 16 at \*3-4:

We resolve valuation disputes between the parties in accordance with the established burden of proof analysis. In proceedings to set terms, the burden of proof is on the offeror, the proponent of the requested relief. Placing the burden of proof on the offeror is particularly appropriate in these proceedings because the offeror may withdraw at any time, while the rail carrier is required to sell its line to the offeror at the sale price we set, even if the carrier views the price as too low.

The burden of proof standard requires that, absent probative evidence supporting the offeror's estimates, the rail carrier's evidence is accepted . . .

To borrow a phrase from baseball, in OFA proceedings a tie goes to the railroad owner in a manner similar to the baseball rule that a tie goes to the runner. Thus, if estimates of value furnished by an offeror and a rail line owner both provide acceptable evidence of NLV, the estimate provided by the rail line owner is to be adopted.

## **II. APPLICATION OF LEGAL STANDARDS TO VALUATION DATA**

### **A. TRACK MATERIALS**

There is direct evidence of the net salvage value of the track and bridge materials in the involved rail line in the form of unqualified offers to purchase, on a net basis (including removal, transportation and disposal), all rail, other track material (OTM), ties, ballast and bridge

materials in the rail line. That evidence appears in the verified statement of Mr. Randy Cundiff, Vice President of Holdings, which is attached to this Reply as Exhibit 1. Appendices RC-1 through RC-4 attached to Mr. Cundiff's statement contain the following unqualified net purchase offers:

Rail and OTM	\$1,793,865
Crossties	44,300
Ballast	77,260
Bridge materials	<u>31,582</u>
Total	\$1,947,007

In accordance with the statutory provision and ICC decisions cited and quoted from in Part I of this Reply, those unqualified net offers constitute the best evidence of the net salvage value of the track and bridge materials in the involved rail line. The Board is respectfully requested to adopt that value on that basis.

Hust's Request contains indirect evidence of the net salvage value of such materials in the form of an opinion of such value submitted in behalf of Landreth Engineering in the amount of \$980,569.27 (Request, Ex. B). By its nature, such indirect evidence is inferior to the direct evidence of value contained in this Reply. Adoption of the indirect evidence in the Hust Request would unlawfully deprive Holdings of nearly \$1 million in value of track and bridge materials that Holdings would receive but for Hust's OFA. Consequently, adoption of that indirect evidence would violate the statutory provision that "in no case shall the Board set a price which is below the fair market value of the line." 49 U.S.C. § 10904(f)(1)(B). The Board should refuse to adopt such indirect evidence on that basis

**B. LAND VALUE**

**1. Title**

Prior to Holding's acquisition of the involved rail line, Holdings arranged for a title examination in regard to all the land in Mississippi that it was about to purchase. That examination was performed by Holcomb Dunbar, a law firm having offices in four Mississippi cities. In a title opinion dated March 14, 2003, Holcomb Dunbar stated that fee simple title to the right-of-way land was then vested in the rail carrier from whom Holdings acquired the rail line. A copy of that title opinion is attached to this Reply as Exhibit 2. That title opinion encompassed all of the right-of-way land in Mississippi purchased by Holdings, which includes all of the right-of-way land in the involved rail line. That title opinion was furnished to the Hust attorney in informal discovery, but Hust's Request makes no mention of that opinion.

Based largely on that title opinion, Chicago Title Insurance Company issued its Policy No. 25-0140-107-00000024, dated July 10, 2003, insuring that fee simple title to that right-of-way land in Mississippi is vested in Holdings. A copy of that title insurance policy is attached to this Reply as Exhibit 3.

Despite having the Holcomb Dunbar title opinion in his possession, and without making any reference to it, the Hust real estate appraiser claims that only 44 percent of the land in the right-of-way is held in fee simple by Holdings. (Request, Ex. A at 15). It is evident, however, that the Hust appraiser is not qualified to make that claim. There is no showing that the Hust appraiser is an attorney, nor that he has any legal training that would qualify him to testify about the quality of title to railroad land.

The Hust appraiser does not make reference to a legal opinion that would provide support for his claim regarding Holdings' title. The short legal memo that is attached to the Request as Exhibit D clearly does not provide such support. The opinion is expressed in that memo that a single conveyance document from one W.W. Guinn to the Gulf and Ship Island Railroad Company probably would be construed by a Court to have transferred an easement interest in the involved land, rather than a fee. The Guinn deed itself was not provided for the record by Hust. The Guinn deed is not one of the four deeds that comprise Exhibit C of the Request. Consequently, there was no showing of the actual terms and conditions of the Guinn deed by which the attorney's opinion could be confirmed or rebutted. Indeed, there was no showing that the land covered by the Guinn deed is a part of the land in the right-of-way of the involved rail line. And even if it were to be assumed that such land is part of the rail line and is held as an easement, in no way would that prove that 56 percent of the total land in the rail line is held as easements. In light of the foregoing, the Board should find that the memo in Exhibit D of the Request does not have probative value on the issue of quality of title to land in the rail line right-of-way.

Neither do the four deeds filed as Exhibit C of the Request provide evidentiary support for the Hust appraiser's claim that 56 percent of the land in the right-of-way is held as easement. The granting clauses in two of those deeds conveyed "land" (Walker deed) and "a strip of land" (Bell deed), with reference to use of the land as a right-of-way contained in the deed recitals and/or the habendum clauses. (Request, Ex. C at 5, 6). Those deeds conveyed fee title under Mississippi law. Attached to this Reply as Exhibit 4 is a copy of the decision of the Mississippi Supreme Court in *Mississippi Cent. R.R. v. Ratcliff*, 214 Miss. 674, 59 So.2d 311 (1951). The

Court made it clear in that case that where the granting clause of a deed to a railroad company conveys "land" or "a strip of land" and the recitals of the deed and/or the habendum clause refer to the grant as a "right-of-way," the granting clause prevails, with the result that the deed will be construed to convey a fee simple interest (214 Miss. at 684, 59 So.2d at 314). The Walker and Bell deeds thus conveyed fee simple title. The principle set forth above also serves to undermine the legal opinion in the memo (Recital, Ex. D) that a deed that granted a strip of land would be construed to convey only an easement.

Even if the other two deeds comprising Exhibit C of the Request were to be construed as conveying only easement interests (a proposition not sustained in Hust's Request), there would be absolutely no correlation between the easement interests in the land encompassed by those deeds and the claim by Hust's appraiser that 56 percent of the land in the involved railroad right-of-way is held as easements. The Polton deed appears to encompass a total of 31.45 acres of right-of-way land. (Request, Ex. C. at 1). The Eddington deed does not identify the number of acres conveyed. (*Id.* at 3-4). According to the Hust appraiser, the involved rail line contains a total of 611.13 right-of-way acres. (Request, Ex. A at 1). The very most that the record would show, assuming for the sake of argument that the Polton deed conveyed an easement, is that 5 percent of the acreage in the rail line is held as an easement. ( $31.45 \div 611.13 = .05$ ). That is a far cry from the appraiser's contention that 56 percent of the acreage is held as easement interests.

In summary on the issue of title, the Holcomb Dunbar title opinion and the willingness of Chicago Title Insurance Company to insure that fee simple title is in Holdings based on that title opinion provide compelling evidence of the fee simple quality of Holdings' title to the

right-of-way land. That evidence is vastly superior to Hust's unsupported, unexplained and nonprofessional claim that only 44 percent of that land is held by Holdings in fee simple. Consequently, the Board should find that Holdings has fee simple title to the involved land.

## 2. Valuation

Holdings' land valuation of \$1,800,000 is supported by the appraisal of Kenneth Young & Associates, dated September 10, 2004. A copy of that appraisal is attached to this Reply as Exhibit 5.

The Young appraisal is based on the Across-the-Fence (ATF) methodology that is familiar to the Board from other valuation proceedings. Mr. Young personally inspected the land in the railroad right-of-way and land "across the fence" on August 25, 2004. (Ex. 5 at 2). Mr. Young arrived at ATF values by considering 40 comparable sales of land in the area of the rail line. (Ex. 5, Attach. A). Mr. Young then adjusted those ATF values downward for topography, shape, curvature and width to correspond to the characteristics of the land in the railroad right-of-way. (*Id.* at 29-56). Mr. Young applied discounts for cost of sales and time for sale to arrive at net fair market value of the right-of-way land. (*Id.* at 58-59). The Young appraisal is thoroughly explained and documented. (*Id.*, Attach. A through D). Mr. Young's qualifications to provide appraisals of the value of railroad land are impeccable. (*Id.*, Attach. E).

Hust's land valuation of \$346,500 is based on an appraisal in the amount of \$876,170 performed by Mississippi Appraisal Services, Ltd. (MAS appraisal) in Exhibit A,<sup>1/</sup> reduced by 56 percent to account for land allegedly held as easement rather than fee (resulting in a value of

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<sup>1/</sup> Hust's Request at page 9 refers to a total appraised amount of \$876,120, but the total of the appraised amounts on page 26, 29 and 31 of Exhibit A of the Request is \$876,170.

\$385,515, rounded to \$385,000), and further reduced by 10 percent to account for expenses of sale.

For the reasons explained in Subsection 1 above, Hust's reduction of value for quality of title is lacking in legal and evidentiary support. Consequently, that reduction is required to be disregarded. That being the case, and without regard to its other defects set out hereinafter, Hust's evidence supports a land value of no less than \$788,553 (\$876,170 minus \$87,617 [10 percent] = \$788,553).

Like the Young appraisal, the MAS appraisal utilized an ATF methodology in valuing the land in the right-of-way. Whereas the Young appraisal gave consideration to 40 comparable sales in arriving at ATF value, the MAS appraisal considered only 11 comparable sales. (Request, Ex. A. at 25, 27-28, 30). Whereas the Young appraisal reflected specific percentage reductions in adjusting ATF value for topography, shape, width and curvature of the right-of-way land, the MAS appraisal did not identify specific reductions of ATF value, instead stating on a conclusory basis that "(t)he necessary adjustments were made to location, size and utility." (*Id.* at 26, 29, 31). Whereas the Young appraisal reduced gross land value for cost and time of sales to arrive at net land value, the MAS appraisal did not do so. (Hust's attorney attempted to do so in the body of the Request). Unlike Mr. Young, the appraisers for MAS appear to have no experience in appraising the value of railroad right-of-way land. (*Id.* at 12-14).

Holdings provided a copy of the Young appraisal to Hust in informal discovery. The Young appraisal was thus available to the appraisers for MAS prior to the filing of Hust's Request. The appraisers for MAS thus had an opportunity in their own appraisal to rebut and/or criticize anything in the Young appraisal. It is meaningful that the MAS appraisal does not

contain any rebuttal of criticism of the Young appraisal. It can be reasonably concluded on that basis that the appraisers for MAS agreed with the methodology utilized in the Young appraisal, if not with all of the value judgments in that appraisal.

Instead, the attorney for Hust has made a few critical comments about the Young appraisal in the body of the Request. (Request at 8-11). Those criticisms, which constitute attorney's argument rather than appraiser's evidence, can best be described as carping at what is unquestionably a clear and thorough appraisal. Mr. Young has responded to those criticisms in a sworn rebuttal statement, which is attached to this Reply as Exhibit 6. That rebuttal qualifies as evidence, not argument.

The Hust attorney has argued that the evidence in the Young appraisal on ATF value is stale because 24 of the 40 comparable sales relied on in that appraisal (60 percent) took place prior to 2003. (Request at 8). However, 6 of the 11 comparable sales relied on in the MAS appraisal (55 percent) occurred prior to 2003. (Request at 25, 27-28, 30). That percentage difference in the two appraisals is not meaningful.

The Hust attorney has argued that percentage reductions of ATF value for topography and wetlands set forth in the Request are more appropriate than the percentage reductions for those conditions that are contained in the Young appraisal. (Request at 9-10). The short answer to the Hust argument in that respect is that the Hust attorney is not qualified as a real estate appraiser. Therefore, his unsworn reductions of ATF value are not entitled to consideration as evidence of land value in this proceeding.

The Hust attorney has argued that Holdings did not provide a basis for its annual average sales expenses of 3 percent. (Request at 10-11). In fact, however, it was explained in the Young

appraisal that such expenses were estimated based on area trends; discussions with personnel of Ironhorse, parent company of Holdings, concerning past history; and discussions with real estate professionals. (Exhibit 5 hereto at 58). Those sources provide an adequate basis for the expenses used in the Young appraisal. It is the expenses of 10 percent per year used by Hust that lack adequate support. There is no such testimony or support in the MAS appraisal. The mere fact that real estate commissions and advertising expenses totaling 10 percent may have been incurred in a prior Board case does not mean that expenses of that nature and amount would be incurred in the present case. There is no evidence in the record that such expenses would be incurred here.

It is respectfully submitted that for at least the following reasons, the Young appraisal provides more reliable and probative evidence of land value in this proceeding than the MAS appraisal:

- (1) Mr. Young is far more experienced and qualified than the appraisers for MAS to value railroad right-of-way land;
- (2) the determination of ATF value in the Young appraisal is based on analysis of far more comparable sales than in the MAS appraisal;
- (3) the adjustments to ATF value to arrive at gross right-of-way land value are better identified and explained in the Young appraisal than in the MAS appraisal;
- (4) the Young appraisal appropriately adjusts gross land value to net land value based on cost and time of sales, while the MAS appraisal does not do so;
- (5) the MAS appraisal incorrectly adjusts land value downward for partial absence of fee simple title without an adequate legal or factual basis for doing so, while the

Young appraisal correctly reflects an underlying title opinion and title insurance policy.

The Board is urged to find on those bases that the fair market value of the land in the involved right-of-way is \$1,800,000, as documented in the Young appraisal.

Alternatively, the Board can find that both the Young appraisal and the MAS appraisal provide acceptable evidence of the value of land in the involved right-of-way. In that event, the Board is urged to find on the foregoing bases that the evidence in the MAS appraisal is no more probative of land value than the evidence in the Young appraisal. The burden-of-proof principle in that circumstance dictates acceptance of Holdings' evidence. *See Portland Traction Co. -- Aband. Exempt. -- in Multnomah and Clackamas Counties, OR, supra*, 1990 ICC LEXIS 16 at 3. Under that alternative, too, the Board should find that the fair market value of the land in the involved right-of-way is \$1,800,000.

**CONCLUSION AND REQUESTED ULTIMATE FINDING**

WHEREFORE, in light of the foregoing and the evidence in the attachments to this Reply, the Board is respectfully requested to make an ultimate finding that the NLV of the involved rail line is \$3,747,007, composed of \$1,947,007 for track materials and \$1,800,000 for land in the right-of-way.

Respectfully submitted,

MISSISSIPPI TENNESSEE HOLDINGS, LLC  
102 Willow Drive  
P.O. Box 99  
O'Fallon, IL 62269

Rail Line Owner

*Thomas F. McFarland*

THOMAS F. McFARLAND  
THOMAS F. McFARLAND, P.C.  
208 South LaSalle Street, Suite 1890  
Chicago, IL 60604-1112  
(312) 236-0204

*Attorney for Rail Line Owner*

Due Date: October 12, 2004



**VERIFIED STATEMENT OF RANDY CUNDIFF**

My name is Randy Cundiff. I am Vice President of Mississippi Tennessee Holdings, LLC (Holdings). I am also Vice President of Holdings' sister company, Mississippi Tennessee Railroad, Inc., and their parent company, Ironhorse Resources, Inc. (Ironhorse).

I am the representative of Holdings who negotiated for purchase and sale of the track materials owned by Holdings between Milepost No. 281.4 near New Albany, MS and Milepost No. 324.2 near Houston, MS.

Attached to my statement as Appendices RC-1 through RC-4 are copies of unqualified offers that I have received for purchase of those track materials.

Appendix RC-1 is a copy of an offer by Mr. Pat Cole in behalf of Progress Rail Services Corporation to purchase all rail and other track material in that rail line segment for \$1,793,865. As can be seen from Mr. Cole's offer, the amount offered is a net price, which includes removal and transportation of the rail and track materials. The offer is for "sale and removal." The offer is not qualified by any contingencies.

Appendix RC-2 is a copy of an offer by Mr. Bruce McGrew in behalf of United Railroad Materials, Inc. to purchase all of the railroad ties in that rail line segment for \$44,300. Like the offer for rail and OTM, the offer for crossties is a net offer, including removal and disposal, and is unqualified.

Appendix RC-3 is a copy of an offer by Mr. William Tacker in behalf of Biodiesel of MS, Inc. to purchase all ballast on that line segment for \$77,260. That offer, too, is net, including removal and transportation, and is unqualified.

Appendix RC-4 is a copy of an offer by Mr. Tacker of Biodiesel to purchase all bridge materials on that line segment for \$31,582. That offer is net, including removal and transportation, and is without qualification.

Representatives of each of the companies who submitted the offers in Appendices RC-1 through RC-4 made a personal inspection of the track materials in the line segment prior to submitting their bids. The offers in Appendix RC-1 through RC-4 are written confirmations of those bids.

The total net salvage value of track and bridge materials in that line segment is \$1,941,007, based on those unqualified offers as follows:

Rail and OTM	\$1,793,865
Crossties	44,300
Ballast	77,260
Bridge materials	<u>31,582</u>
Total	\$1,947,007

The reason that the above offers covered 42.8 miles of rail line rather than the 43.2 miles that were authorized for abandonment is that there are no track or bridge materials located between Milepost Nos. 281.0 and 281.4.



September 24, 2004

Mr. Randy Cundiff  
Vice President  
Iron Horse Resources  
P.O. Box 99  
O'Fallon, IL 62269

Dear Mr. Cundiff:

Thank you for the opportunity to bid on the "removal of approximately 42.8 track miles of railroad on the Mississippi and Tennessee Railroad from New Albany to Houston, MS at MP 281.4 to MP 324.2.

Progress Rail Services Corporation (PRSC) wishes to bid a lump sum price of \$1,793,865.00 for the sale and removal of all rail and OTM. The crossties will be plowed over and the road crossings and bridges will be left in place.

PRSC agrees to provide all labor, supervision and appurtenance and to complete all work in a workman like manner and to leave the right-of-way in orderly fashion agreeable to Iron Hors Resources.

This offer will be valid through November 5, 2004 and will be void and null after such time.

Again, thank you for the opportunity to bid on this project and I look forward to working with you should PRSC become the successful bidder.

Sincerely,

A handwritten signature in cursive script that reads "Pat Cole".

Pat Cole  
Operation Manager

Appendix RC-2

**Randy Cundiff**

---

**From:** Bruce McGrew [bruce@unitedrailroad.net]  
**Sent:** Tuesday, September 21, 2004 2:47 PM  
**To:** randy@ironhorsesources.com  
**Subject:** Offer to purchase ties-New Albany to Houston, MS

Randy;

After inspecting the ties on the referenced project, I would like to submit the following offer;

United Railroad Materials Co. will provide all labor, equipment and supervision necessary to remove all of railroad ties from the project, comprising 42.8 miles of mainline between New Albany and Houston, Mississippi. Scrap ties will be removed and properly disposed of.

Additionally, United Railroad will pay Iron Horse Resources \$44,300.00 for the salvage rights to these ties.

This bid is valid through November 5th, 2004.

Please call if you have any questions.

Thanks

Bruce McGrew  
President  
United Railroad Materials Co., Inc.

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**FREE Emoticons for your email! [Click Here!](#)**



**BID OFFER**

TO: Mississippi Tennessee Railroad, P.L.C.  
102 Willow Drive  
P. O. Box 99  
O'Fallon, IL 62269

FROM: Biodiesel of MS, Inc.  
P. O. Box 321  
Nettleton, MS 38858  
(662) 963-0029  
(662) 963-0029 (Fax)  
C.E.O. Cell (662) 213-6445

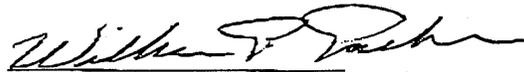
DATE: August 23, 2004

ATTN: Randy Cundiff

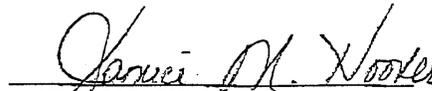
Dear Sir:

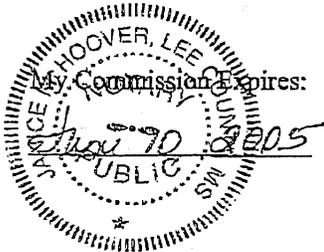
Please consider this an irrevocable bid offer. We offer \$77,260.00 U. S. certified funds for all the ballast located on the entire 42.8 miles of rail line from New Albany, MS, to Houston, MS.

We will provide all labor, supervision, and equipment, etc. This offer will be valid through November 30, 2004.

  
William Tacker, C.E.O.

SWORN TO AND SUBSCRIBED before me on this, the 21<sup>ST</sup> day of September, 2004.

  
NOTARY PUBLIC



**BID OFFER**

TO: Mr. Randy Cundiff  
Mississippi Tennessee Railroad, P.L.C.  
102 Willow Drive  
P. O. Box 99  
O'Fallon, IL 62269  
Fax (618) 632-4562

FROM: William T. Tacker, CEO  
Biodiesel of MS, Inc.  
P. O. Box 321  
Nettleton, MS 38858  
(662) 963-0029  
Fax (662) 963-0029  
Mobile (662) 213-6445

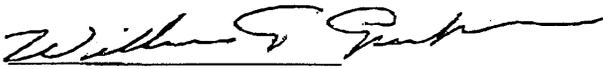
DATE: August 30, 2004

RE: Bid on Bridges

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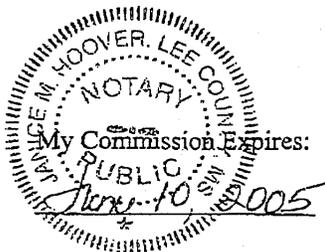
I would like to bid on all bridges over the entire 42.8 mile railroad from New Albany, MS, to Houston, MS, of exactly \$31,582.00.

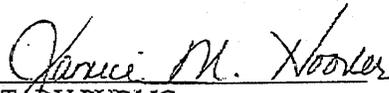
We will provide all labor, supervision, and equipment, etc. This offer will be valid through November 30, 2004.



William T. Tacker, C.E.O.  
Biodiesel of MS, Inc.

SWORN TO AND SUBSCRIBED before me on this, the 21<sup>st</sup> day of September, 2004.

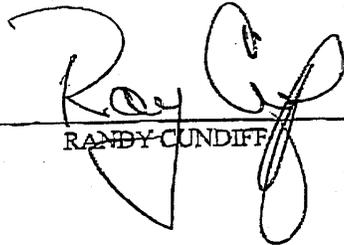


  
NOTARY PUBLIC

VERIFICATION

STATE OF ILLINOIS     )  
  )  
COUNTY OF ST. CLAIR    )

RANDY CUNDIFF, being duly sworn on oath, deposes and states that he has read the foregoing statement, that he knows the contents thereof, and that the facts therein stated are true and correct.

  
\_\_\_\_\_  
RANDY CUNDIFF

SUBSCRIBED AND SWORN to  
before me this 6<sup>th</sup> day  
of October, 2004.

  
Notary Public

My Commission Expires:





LAW OFFICES

# HOLCOMB DUNBAR

1217 JACKSON AVENUE  
P.O. DRAWER 707  
OXFORD, MISSISSIPPI 38655  
882-234-8775  
TELECOPIER 662-238-7552

*A Professional Association*

728 GOODMAN RD EAST, SUITE 1  
POST OFFICE BOX 190  
SOUTHAVEN, MISSISSIPPI 38671

152 DELTA AVENUE  
POST OFFICE BOX 388  
CLARKSDALE, MISSISSIPPI 38614  
862-427-2241  
TELECOPIER 862-827-9788

662-349-0684

TELECOPIER 662-349-2432

E-MAIL [mLaunaGrav@holcombdunbar.com](mailto:mLaunaGrav@holcombdunbar.com)

5505 HIGHWAY 178 EAST  
OLIVE BRANCH, MISSISSIPPI 38654  
662-890-0684  
TELECOPIER 662-890-1641

**M. LaUna Gray**

March 14, 2003

**Via Telecopier and Overnight Delivery**

Barry McClure  
Ironhorse Resources, Inc.  
102 Willow Drive  
O'Fallon, Illinois 62269

*RE: Purchase of rail line in Mississippi  
Our File Number 903-020*

Dear Barry:

This letter is to certify that we have this day completed a thorough examination of the official land records of Chickasaw, Pontotoc, Tippah and Union Counties, Mississippi, commencing more than fifty (50) years preceding the date of this title opinion, insofar as they pertain to that certain real property more particularly described as follows, to-wit:

Please see attached Exhibit "A" hereto for full legal description

Based upon our examination, it is our opinion that fee simple title to the subject real property is vested in **MISSISSIPPI & TENNESSEE RAILNET, INC.**, by virtue of a quit claim deed executed by Kansas City Southern Railway Company, a Missouri corporation, dated June 26, 1998, and filed June 30, 1998, at 1:50 p.m., in Book 708, Page 544, Chickasaw County; at 2:04 p.m., in Book 204, Page 402, Union County; at 9:25 a.m., in Book 184, Page 323, Tippah County; and at 1:12 p.m., in Book 707, Page 383, Pontotoc County, Mississippi. Such deeds are subject only to the following matters:

- (1) The lien for taxes and special assessments, if any, for the year 2002 and subsequent years, which are due and **DELINQUENT** in Chickasaw County. Please see attached Exhibit "B" hereto.

- (2) The lien for taxes and special assessments, if any, for the year 2002 and subsequent years, which are due and **DELINQUENT** in Pontotoc County. Please see attached Exhibit "B" hereto.
- (3) The lien for taxes and special assessments, if any, for the year 2002 and subsequent years, which are due and **DELINQUENT** in Tippah County. Please see attached Exhibit "B" hereto.
- (4) The lien for taxes and special assessments, if any, for the year 2002 and subsequent years, which are due and **DELINQUENT** in Union County. Please see attached Exhibit "B" hereto.
- (5) The lien for taxes and special assessments, if any, for the year 2003 and subsequent years, not yet due and owing in Chickasaw, Pontotoc, Tippah and Union Counties, Mississippi.
- (6) All existing easements, dedications, rights-of-way, servitudes, and reservations of record affecting the subject real property.
- (7) That certain Deed of Trust executed by Gulf & Mississippi Railroad Corporation for the benefit of General Electric Credit Corporation, dated July 3, 1985, and filed of record July 9, 1985, recorded in Book 305, Page 4, Union County; in Book 592, Page 80, Chickasaw County; in Book 429, Page 240, Pontotoc County, in the amount of \$24,000,000.00.

Such Deed of Trust was partially released by recorded Instrument Numbers 204312 and 204313.

- (8) That certain Deed of Trust executed by Mississippi & Tennessee Railnet, Inc., for the benefit of LaSalle National Bank, dated June 26, 1998, and filed July 10, 1998, recorded in Book 435, Page 394, Union County; in Book 715, Page 227, Chickasaw County; in Book 711, Page 271, Pontotoc County; and in Book 248, Page 589, Tippah County, in the amount of \$2,800,000.00, and a revolving line of credit in the amount of \$250,000.00.

Such Deed of Trust was partially released by instruments recorded in Power of Attorney Book 52, Page 15; Power of Attorney Book 52, Page 842; and Power of Attorney Book 53, Page 147, Pontotoc County; and Book 302, Page 123 in Tippah County.

Such Deed of Trust was amended by First Amendment, executed by Mississippi & Tennessee Railnet, Inc., for the benefit of LaSalle National Bank and Nationsbank, N.A., dated April 30, 1999, and filed May 17, 1999, record in Book 454, Page 282, Union County; in Book 721, Page 606, Chickasaw County; in Book 261, Page 1, Tippah County; and filed May 18, 1999, in Book 740, Page 120, Pontotoc County, in the amount of \$32,000,000.00, and revolving line of credit in the amount of \$3,000,000.00 and \$2,000,000.00.

Such Deed of Trust was further amended by Second Amendment executed by Mississippi & Tennessee Railnet, for the benefit of LaSalle Bank National Association, Bank of America, N.A., d/b/a/ Nationsbank, N.A., as successor to Nationsbank, N.A., and Paribas, dated August 19, 1999, and filed August 30, 1999, in Book 725, Page 28, Chickasaw County; in Book 460, Page 552, Union County; filed September 3, 1999, in Book 750, Page 584, Pontotoc County; and filed September 7, 1999, in Book 265, Page 523 Tippah County, in the amounts of \$32,000,000.00, revolving credit in the amounts of \$3,000,000.00 and \$2,000,000.00.

- (9) That certain easement to Muddy Creek Drainage District recorded in Book 112, Page 633 of Tippah County.
- (10) That certain easement to State Highway Commission recorded in Book 81, Page 529 recorded in Tippah County.
- (11) That certain easement to State Highway Commission recorded in Book 640, Page 470 in Chickasaw County.
- (12) That certain easement to State Highway Commission recorded in Book 152, Page 457 and Book 152, Page 471 in Tippah County.
- (13) That certain easement to State Highway Commission recorded in Book 567, Page 339 in Pontotoc County.
- (14) That certain agreement between Southrail Corporation and State Highway Commission of Mississippi recorded in Book 152, Page 462 in Tippah County.
- (15) That certain lease between Gulf Mobile and Ohio Railroad Company and Pontotoc County Industrial Corporation recorded in Book 246, Page 207 in Pontotoc County.
- (16) That certain lease between Illinois Central Gulf Railroad Company, and Santa Fe Minerals recorded in Book 579, Page 144 in Chickasaw County.
- (17) That certain lease between Illinois Central Gulf Railroad Company, and Ensource, Inc., recorded in Book 566, Page 25, in Chickasaw County.
- (18) That certain lease between Gulf & Mississippi Railroad Corporation, and Irvin B. Warner and James Richard Farrell recorded in Book 445, Page 159 in Pontotoc County.
- (19) That certain lease between Mississippi & Tennessee Railnet, Inc., and Moon-Hines-Tigrett Operating Co., Inc., as Document Number 1-20022237, Chickasaw County.

We express no opinion insofar as the following matters affect the subject real property

(A) All federal, state and local land use regulations affecting the use, occupancy or condition of the subject real property, including, without limitation, all zoning ordinances and subdivision regulations of Chickasaw, Pontotoc, Tippah and Union Counties, Mississippi, and all environmental regulations of each and every governmental entity having jurisdiction over the subject premises.

(B) Easements or other uses of the subject real property not visible from the surface, rights of parties in possession, deficiency in quantity of land, boundary line disputes, roadways, unrecorded servitudes or easements, and any other matters which might be disclosed by an accurate survey and competent ground examination of the subject real property.

(C) The accuracy and correctness of the official land records in the office of the Chancery Clerk of Chickasaw, Pontotoc, Tippah, and Union Counties, Mississippi, including, without limitation, unabstracted and incorrectly abstracted documents and the accuracy of the index books in respect to the official land records of Chickasaw, Pontotoc, Tippah, and Union Counties, Mississippi.

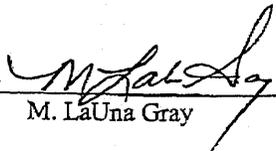
(D) Title to oil, gas and other minerals in, on or under the subject real property.

(E) All matters of record prior to the commencement date of the examination of the undersigned.

This opinion is intended for the sole and exclusive use and benefit of **IRONHORSE RESOURCES, INC.**, and may not to be reproduced or relied upon by any other person or entity for any purpose whatsoever without the express written permission of the undersigned. We disclaim any undertaking to advise you of changes which may hereafter occur in respect to the title of the subject premises. By acceptance of this opinion, **IRONHORSE HORSE RESOURCES, INC.**, agrees to be bound by the covenants and agreements contained in this paragraph.

WITNESS OUR SIGNATURE on this, the 7<sup>th</sup> day of March, 2003 at 8:00 a.m.

**HOLCOMB DUNBAR**  
A Professional Association

By:   
M. LaUna Gray

## EXHIBIT A

*Legal Descriptions  
New Albany Branch Line*

## Chickasaw County, Mississippi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Chickasaw, extending northerly from a line perpendicular to the centerline of the main track at New Albany District Mile Post GG-274 (Valuation Station 14467+20) North of Woodland, CHICKASAW COUNTY, MISSISSIPPI, on, over and across NW/4 SW/4 and W/2 NW/4 SECTION 12; and W/2 SW/4 and NW/4 SECTION 1; T. 15S., R. 2 E., CHICKASAW MERIDIAN; E/2 SW/4, NW/4 SE/4 and NE/4 SECTION 36; E/2 E/2 SECTION 25; and E/2 SE/4 SECTION 24; T. 14 S., R. 2 E; NW/4 SW/4 and NW/4 SECTION 19; E/2 SW/4, NW/4 SE/4 and NE/4 SECTION 18; E/2 SE/4 SECTION 7; W/2 SW/4 and NW/4 SECTION 8; and E/2 W/2 and W/2 E/2 SECTION 5; T. 14 S., R. 3 E; E/2 W/2 and NW/4 NW/4 SECTION 32; SW/4 and W/2 NE/4 SECTION 29; W/2 W/2 SECTION 20; W/2 W/2 SECTION 17; W/2 W/2 SECTION 8; W/2 W/2 SECTION 5; and E/2 E/2 SECTION 6; T. 13 S., R. 3 E; and, E/2 E/2 SECTION 31; E/2 E/2 SECTION 30; E/2 E/2 SECTION 19; E/2 E/2 SECTION 18; E/2 SECTION 7; and W/2 E/2 SECTION 6; T. 12 S., R. 3 E, CHICKASAW COUNTY, MISSISSIPPI, said property including, New Albany District spur track right-of-way in vicinity of Mile Post GG-282.1 in NW/4 NE/4 SECTION 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: (FIRST) All of the West 100 feet of that 150 foot strip lying West of the New Albany District main track centerline in the W/2 SE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi. (SECOND) All of the East 100 feet of that 150 foot strip lying East of the New Albany District main track centerline in the NW/4 SE/4 and SW/4 NE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, and lying South of the North line of the South 160 feet said SW/4 NE/4 Section 5. (THIRD) All of the East 100 feet of that 150 foot strip lying East of the New Albany District main track in the W/2 NE/4 Section 5, T. 14 S., R. 3 E, Houston Chickasaw County, Mississippi, and lying South of the South line of the Mississippi State Hwy. #8 and North of the South line of Lot 71, Griffin Survey. (FOURTH) All of the West 100 feet of that 150 foot wide strip lying West of the New Albany District main track in the W/2 NE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, and lying South of the South line of Mississippi State Hwy. #8 and North of the North line of property conveyed to J.H. Tabb and described in correction deed dated 10-7-1983. (FIFTH) All of that 0.07 acre tract situated in the

W/2 W/2 NE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, acquired from W.P. Hickman 12-22-1904, recorded Book 81/page 85. (SIXTH) All of that 0.22 acre tract situated in E/2 E/2 NW/4 Section 5, T. 14 S., R. 3 E., Houston, Chickasaw County, Mississippi, acquired from Martha Barton, et al, 3-31-1905, recorded Book 81/page 317. (SEVENTH) All of the West 100 feet of that 150 foot strip lying West of the New Albany District main track centerline in the SE/4 NE/4 Section 18, T. 12 S., R. 3 E, New Houka, Chickasaw County, Mississippi, and lying South of the South line of that 100' X 450' tract conveyed to the Houka Development Association 5-4-1961, North of the North line of Route 32, and West of a line parallel and/or concentric with and 100 feet normally distant westerly from the centerline of New Albany District Track ICC #8. (EIGHTH) All of the East 50 feet of that 100 foot strip lying East of the New Albany District main track centerline in the SE/4 NE/4 and NE/4 SE/4 Section 18, T. 12 S., R. 3 E, New Houka, Chickasaw County, Mississippi.

Less and Except:

1. Illinois Central Railroad Company to Simmons, Cecil L. & Sue H. in Book 685, Page 687 recorded March 18, 1996.
2. Southrail Corporation to Kenneth Hill, John F. Hill Jr., Gerald C. Hill and Clyde Ray Robertson, in Book 647, Page 594 recorded July 24, 1991.
3. Illinois Central Railroad Company to Robert E. Weaver in Book 662, Page 637, recorded January 13, 1993.
4. Mississippi & Tennessee Railnet, Inc. to Stacey W. Parker, as Document # 1-20011647, recorded August 15, 2001.

## Tippah County, Miss ppi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Tippah, extending on, over and across W/2 SE/4, SW/4 NE/4 and E/2 NW/4 SECTION 32; SW/4 and W/2 NW/4 SECTION 29; NE/4 NE/4 SECTION 30; E/2 SE/4 and NE/4 SECTION 19; W/2 E/2 SECTION 18; E/2 W/2 and W/2 E/2 SECTION 7; SE/4 SW/4, SE/4 and SE/4 NE/4 SECTION 6; and NW/4 SECTION 5; T. 5 S., R. 3 E; SE/4 SW/4 and SE/4 SECTION 32; NW/4 SW/4 and N/2 SECTION 33; SE/4 SE/4 SECTION 28; SW/4, NW/4 SE/4 and NE/4 SECTION 27; NW/4 NW/4 SECTION 26; SW/4, NW/4 SE/4 and NE/4 SECTION

23; E/2 SE/4 and SE/4 NE/4 SECTION 14; W/2 NW/4 SECTION 13; SW/4, E/2 NW/4 and NW/4 NE/4 SECTION 12; and SE/4 and SE/4 NE/4 SECTION 1; T. 4 S., R. 3 E; W/2 NW/4 SECTION 6; T. 4 S., R. 4 E; SW/4 and E/2 NW/4 SECTION 31; E/2 SW/4 and NW/4 SECTION 30; SW/4 and W/2 NW/4 SECTION 19; and W/2 SW/4 and SW/4 NW/4 SECTION 18; T. 3 S., R. 4 E; NE/4 SECTION 13; E/2 SECTION 12; and E/2 SE/4 SECTION 1; T. 3 S., R. 3 E; W/2 SW/4, NW/4 and W/2 NE/4 SECTION 6; T. 3 S., R. 4 E; W/2 SE/4 and NE/4 SECTION 31; E/2 E/2 SECTION 30; W/2 NW/4 SECTION 29; W/2 SECTION 20; E/2 SW/4 W/2 SE/4 and NE/4 SECTION 17; and W/2 SW/4 SECTION 21; T. 1 S., R. 4 E; TIPPAH COUNTY, MISSISSIPPI, LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: FIRST - All of the East 66 feet of that 116 foot strip lying East of the New Albany District main track centerline in the N/2 SW/4 Section 20, T. 2 S., R. 4 E, Tippah County, Mississippi. AND, SECOND - All of that 156' X 300' tract lying East of a line parallel with and 50 feet from the centerline of the New Albany District main track in the NW/4 NW/4 Section 21, T. 1 S., R. 4 E, Brownfield, Tippah County, Mississippi, as acquired from A.L. Gatlin.

## Less and Except:

1. Illinois Central Gulf Railroad Company to Ralph Hare, in Book 104, Page 217, recorded July 25, 1978.
2. Illinois Central Gulf Railroad to Mr. Shelby Graham, in Book 105, Page 51, recorded October 28, 1978.

**Pontotoc County, Mississippi**

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Pontotoc, extending northerly on, over and across W/2 E/2 SECTION 31; W/2 E/2 SECTION 30; W/2 E/2 and E/2 NW/4 SECTION 19; W/2 SE/4 and E/2 W/2 SECTION 18; E/2 W/2 SECTION 7; and E/2 W/2 SECTION 6; T. 11 S., R. 3 E; E/2 W/2 and W/2 NW/4 SECTION 31; E/2 W/2 SECTION 30; E/2 W/2 and W/2 NE/4 SECTION 19; W/2 SE/4 and NE/4 SECTION 18; SE/4 SE/4, E/2 NE/4 and NW/4 SECTION 5; T. 10 S. R. 3 E; S/2 W/2 NW/4 SECTION 32; NE/4 NE/4 SECTION 31; E/2 E/2 SECTION 30; NW/4 NW/4 SECTION 29; SW/4, NW/4 SE/4, W/2 NE/4 and E/2 NW/4 SECTION 20; SW/4 and W/2 NW/4 SECTION 17; NE/4 NE/4 SECTION 18; E/2 E/2 SECTION 7; W/2 W/2 SECTION 8; and E/2 SE/4 and NE/4 SECTION 6; T. 9 S., R. 3 E; and, W/2 E/2 and E/2 NW/4 SECTION 31; E/2 W/2 and W/2 NE/4 SECTION 30; and W/2 SE/4, NE/4 NW/4 and NW/4 SECTION 19; T. 8 S., R. 3 E, PONTOTOC COUNTY, MISSISSIPPI, said property including: New Albany District Industry Spur Track right-of-way South of Mile Post GG-308 in W/2 W/2 Section 32, T. 9 S., R. 3 E. and NW/4 Section 5, T. 10 S., R. 3 E., Pontotoc, Pontotoc County, Mississippi; LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: FIRST - All of West 100 feet of that 150 foot strip lying West of the New Albany District main track centerline in the NW/4 Section 31, T. 10 S., R. 3 E, Algoma, Pontotoc County, Mississippi. SECOND - All of the East 50 feet of that 100 foot strip lying East of the New Albany District main track centerline in the E/2 NW/4 Section 31, T. 10 S., R. 3 E, Algoma, Pontotoc County, Mississippi. THIRD - All of the "Gray" Reservoir property situated in the SW/4 Section 7, T. 10 S., R. 3 E, Pontotoc County,

Mississippi, as acquired from: A.B. Nisbet (2.67 acres) 10-4-1910, recorded Book 100/page 521; W.A. Cruse (1.33 acres) 8-2-1910, recorded Book 100/page 495; and, H.W. Wordlaw (7.02 acres) 2-15-1943, recorded Boos 222/page 401. FOURTH - All of the New Albany District "Sand Pit" tract situated SE of the 100 foot wide railroad right-of-way in the NW/4 NW/4 Section 29, T. 9 S., R. 3 E, Pontotoc County, Mississippi, said tract irregular in shape contains approximately 5.75 acres. FIFTH - All of the West 50 feet of that 100 foot strip lying West of the centerline of the New Albany District main track in the E/2 NW/4 and W/2 NE/4 Section 31, T. 8 S., R. 3 E, Ecu, Pontotoc County, Mississippi, lying North of the North line of that parcel conveyed to New Creations, Inc. 3-9-1978. SIXTH - All that part of the East 100 feet of that 150 foot strip lying East of the New Albany District main track centerline in the W/2 NE/4 Section 31, T. 8 S., R. 3 E, Ecu, Pontotoc County Mississippi, lying East of the following described line: From the point where the East line of the original 100 foot wide railroad right-of-way intersects the North Line said Section 31, run southerly along said East line 475 feet, more or less, to a property corner and the POINT OF BEGINNING; thence continuing southerly along said East line 290 feet to a point; thence easterly at a right angle to the last described course 30 feet, more or less, to a line parallel and/or concentric with and 20 feet normally distant easterly from centerline New Albany District Tract ICC #2; thence southerly along said parallel and/or concentric line, 575 feet, more or less, to aforesaid East line original 100 foot right-of-way; thence southerly along said East line 870 feet, more or less, to property

## Less and Except:

1. Illinois Central Gulf Railroad Company to New creations, Inc., in Book 357, Page 624, recorded May 1, 1978.
2. Illinois Central Gulf Railroad Company to Gladney Hooker, in Book 381, Page 631, recorded September 10, 1980.
3. Illinois Central Gulf Railroad Company to Sethi, S. L. & Raksha, in Book 400, Page 208, recorded January 13, 1983.
4. Southrail Corporation to Michael L. Poe & Larry E. Poe, in Book 510, Page 37, recorded September 21, 1990.
5. Illinois Central Railroad Company to Jim I. Higgins, in Book 604, Page 459, recorded October 17, 1994.
6. The Kansas City Southern Railway Company to Henry, Wallace L. & Patricia Y., in Book 753, Page 286, recorded October 29, 1999.
7. The Kansas City Southern Railway Company to Harold EL. Boone, in Book 753, Page 342, recorded November 2, 1999.
8. Kansas City Southern Railway Company to MKG Developers, Inc., in Book 753, Page 351, recorded November 2, 1999.
9. The Kansas City Southern Railway Company to Larry E. Poe & Michael L. Poe, in Book 754, Page 69, recorded December 1, 1999.
10. Mississippi & Tennessee Railnet, Inc. to The Kansas City Southern Railway Company, in Book 754, Page 502, recorded January 19, 2000.
11. The Kansas City Railway Company to Henry, Wallace L. & Patricia Y., in Book 767, Page 255, recorded March 31, 2000.
12. The Kansas City Southern Railway Company to MKG Developers, Inc., in Book 767, Page 349, recorded April 5, 2000.
13. The Kansas City Southern Railway Company to Harold L. Boone, in Book 767, Page 614, recorded April 25, 2000.
14. The Kansas City Southern Railway Company to Larry E. Poe & Michael L. Poe, in Book 767, Page 930, recorded May 22, 2000.
15. Mississippi & Tennessee Railnet, Inc. to Kent Anderson, in Book 771, Page 664, recorded July 21, 2000.
16. Mississippi & Tennessee Railnet, Inc. to Mary S. Parsons and Fred D. Stalaker, in Book 782, Page 900, recorded January 30, 2001.

**Union County, Mississippi**

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Union, extending on, over and across W/2 SW/4 and SW/4 NW/4 SECTION 18; T. 8 S., R. 3 E; E/2 NE/4 SECTION 13; E/2 SE/4 and NE/4 SECTION 12; and W/2 E/2 SECTION 1; T. 8 S., R. 3 E; W/2 E/2 SECTION 36; W/2 E/2 SECTION 25; and SE/4 and SE/4 NE/4 SECTION 24; T. 7 S., R. 2 E; NW/4 SW/4 and NW/4 SECTION 19; SE/4 SW/4 and E/2 SECTION 18; SE/4 SE/4 SECTION 7; SW/4, E/2 NW/4 and NW/4 NE/4 SECTION 8; and W/2 SE/4 AND NE/4 SECTION 5; T. 7 S., R. 3 E; and, SE/4 SECTION 32; NW/4 SW/4 SECTION 33; E/2 W/2 SECTION 28; E/2 W/2 and W/2 NE/4 SECTION 21; W/2 SE/4 and E/2 W/2 SECTION 16; SW/4 and W/2 NW/4 SECTION 9; NE/4 NE/4 SECTION 8; and, E/2 SE/4 and NE/4 SECTION 5; T. 6 S., R. 3 E., UNION COUNTY, MISSISSIPPI, said property including: (A) New Albany District spur track right-of-way in vicinity of Mile Post GG 324.5; in W/2 SW/4 Section 8 T. 7 S., R. 3 E., New Albany, Union County, Mississippi; (B) a 20' wide trackage easement, 10' each side of centerline of New Albany District Tract ICC #7, South of 2.66 acre parcel conveyed to Union

Grocery Co., Inc. 6-2-1975, vicinity Mile Post GG-324.7 in W/2 SW/4 Section 8, T. 7 S., R. 3 E, New Albany, Union County, Mississippi, lying South of the South line of 2.66 acre parcel conveyed to Union Grocery Company, Inc. 6-2-1975; North of North line of 4.09 acre parcel conveyed to Morris Scrap Metal, Inc., 1-25-1980; and West of line parallel and/or concentric with and 10 feet normally distant westerly from centerline New Albany District Track ICC #3. Subject to 20 foot trackage easement for New Albany District Track ICC #7, said easement hereinabove described and conveyed as item (B). SECOND - All that portion of that 200 foot strip lying West of the New Albany District main track centerline in the N/2 SW/4 Section 8, T. 7 S., R. 3 E, New Albany, Union County, Mississippi, lying South of the North line of King Street; North of the North line of that 2.66 acre parcel conveyed to Union Grocery Company, Inc. 6-2-1975 and West of a line described as follows: Begin at a point on the North line of King Street 10 feet normally distant westerly from the centerline of New Albany District westernmost track, and run southerly parallel and/or concentric with the centerline of said westernmost track 375 feet; thence easterly parallel with said North line of King Street 15 feet, more or less, to a line parallel and/or concentric with and 10 feet normally distant easterly from the centerline of New Albany District Track ICC #7; thence southerly along the last said parallel and/or concentric line 230 feet, more or less, to the Northeast corner of the aforesaid parcel conveyed to Union Grocery Company, Inc. 6-2-1975. THIRD - All that portion of that 125 foot strip lying East of the New Albany District main track centerline in the NW/4 NE/4 Section 8, T. 7 S., R. 3 E, New Albany, Union County, Mississippi, lying South of a line parallel with and 80 feet normally distant southerly from the South line of Cleveland Street; North of the North right-of-way line of the Burlington Northern Railroad Company; and East of a line parallel with and 10 feet normally distant easterly from the centerline of New Albany District Track ICC #21. FOURTH - All of the remaining New Albany District industrial property situated in the South 671.6 feet SW/4 NE/4 and NW/4 SE/4 Section 28, T. 6 S., R. 3 E; Union County, Mississippi, that lies East of the East line of Mississippi Hwy. #15.

## Less and Except:

1. Gulf, Mobile and Ohio Railroad Company Unto State Highway Commission Of Mississippi, in Book 84 Page 104, recorded April 23, 1964.
2. Gulf, Mobile and Northern Railroad to W. P. Meador, in Book 94, Page 494, recorded September 17, 1968.
3. Illinois Central Railroad Company to Gus Doyle, Jr., Alma T. Doyle and Shand Doyle, in Book 179, Page 115, recorded June 1, 1989.
4. Illinois Central Railroad Company to Jesse D. Allen, in Book 184, Page 116, recorded March 14, 1990.
5. Illinois central Railroad Company to Velma McNeal in Book 186, Page 180, recorded August 16, 1990.
6. Illinois Central Railroad Company to Ray Tune, in Book 200, Page 395 recorded September 7, 1993.
7. Mississippi & Tennessee Railnet, Inc. to Ray Tune, as Instrument # 003366, recorded September 1, 2000.
8. Mississippi & Tennessee Railnet, Inc to Ray Tune as instrument # 004628, recorded December 11, 2000.

EXHIBIT D IRONHORSE RESOURCES

Chickasaw County		Mississippi & Tennessee Railroad Inc. 2350 Airport Freeway Suite 230 Bedford, TX 76022									
Name	Parcel	Land	Building	Real	Personal	Quarter	STR	Book	Page	PPIN	Acres
Miss & Tenn Railroad Inc	00206-01900					NE,SE	6-12-3	708	544	10777	12.3
same	00207-01000					NE,SE	7-12-3	708	544	10778	12.2
same	00218-00800					NE,SE	18-12-3	708	544	12930	3.1
same	00219-02300					NE,SE	19-12-3	708	544	10808	9
same	00230-01400					NE,SE	30-12-3	708	544	10812	12
same	00231-00900					NE,SE	31-12-3	708	544	10814	12
same	00805-01000					NW,SW	5-13-3	708	544	11003	6.7
same	00806-00900					NE	6-13-3	708	544	11005	5.6
same	00808-00600					NW,SW	8-13-3	708	544	11006	12
same	00817-01200					NW,SW	17-13-3	708	544	11018	12
same	00620-03600					NW,SW	20-13-3	708	544	4292	12
same	00629-00800					NW	29-13-3	708	544	11035	6
same	108293-50-03-01200					SW	29-13-3	708	544	12774	6
Personal Property		\$14,633.00			\$1,669.62					990026	
Miss Tenn Railroad		\$7,759.00			\$446.92					990027	
		\$5,476.00			\$631.93					990029	
		\$23,520.00			\$2,831.81					990042	
Number of Parcels	13										

2002 Taxes are delinquent

Portlote County

Mississippi & Tennessee Railroad Inc. 2350 Airport Freeway Suite 230 Bedford, TX 76022

Name	Parcel	Land Building	Real Personal	Quarter	S-T-R	Book	Page	PPIN	Acres	Book-Page
Miss & Tenn Railroad Inc	099C-31-000-065,	\$600.00	\$96.72	NE,SE	31-8-3	707	383	10871	13.1	
same	113-08-000-R19,	\$500.00	\$28.60	SW	8-10-3	707	383	8929		
same	113-07-000-R19,	\$300.00	\$17.16	NE	7-10-3	707	383	8930	4	
same	178C-32-09-001.10	\$4,500.00	\$257.40	SW	32-9-3	707	383	12235	3	470-373
same	109-29-000-R16,	\$117.00	\$11.83	NW	29-9-3	707	383	3143	5.8	
same	104-20-000-019,	\$0.00		SW	20-9-3	707	383	5145	6	
same	103-06-000-019,	\$0.00		NE	6-9-3	707	383	5150	3	
same	114-18-000-019	\$0.00		NE	18-10-3	707	383	2087	4.82	78-197
same	114-18-000-R19.01	\$379.00	\$36.65	SE	18-10-3	707	383	3142	5.05	
same	129-31-000-019,	\$0.00		NE	31-11-3	707	383	5112	9	78-142
same	129-30-000-019,	\$0.00		NE	30-11-3	707	383	5113	12	78-24
same	103-07-000-019,	\$0.00		SE	7-9-3	707	383	5146	9	
same	114-19-000-019,	\$0.00		NE	19-10-3	707	383	5147	6	
same	119C-31-000-R19,	\$0.00		NW,SW	31-10-3	707	383	5148	13.71	
same	104-19-000-019,	\$0.00		NE	19-9-3	707	383	5149	5	
same	119B-30-000-R19,	\$0.00		NW & SW	30-10-3	707	383	5151	12	78-14, 78-30
same	123-07-000-019,	\$0.00		NW	7-11-3	707	383	5464	12	
same	123-06-000-R19,	\$0.00		NW	6-11-3	707	383	5465	12	
same	124-19-000-019,	\$0.00		SE	19-11-3	707	383	5466	12	
same	124-18-000-R19,	\$0.00		NW	18-11-3	707	383	5467	6	
same	177B-05-09-001.01	\$0.00		NW	5-9-3	707	383	12236		

Personal Property Tax  
Miss & Tenn Railroad

Number of Parcels 21

\$264.65
\$70.95
\$337.17
\$257.30
\$95.51
\$3,530.21
\$4,706.32
\$315.23
\$300.94

2002 taxes are delinquent

Tippah County		Mississippi & Tennessee Railroad Inc. 2350 Airport Freeway Suite 230 Bedford, TX 76022									
Name	Parcel	Land	Building	Real	Personal	Quarter	STR	Book	Page	PPIN	Acres
Mississippi & Tennessee	1-414-20-038.00					SE	20-1-4	184	323	2617	2.2
same	1-133-12-015.00					NE	12-3-3	184	323	233	8.6
same	1-143A-01-012.00					E 1/2	1-4-3	184	323	393	7
same	3-143C-12-009.00					NE,SE	12-4-3	184	323	480	3.2
same	1-224-09-006.00					NW	9-2-4	184	323	917	3.6
same	1-324-05-002.00					NE	5-2-4	184	323	1720	5
same	1-324-08-024.00					NE,SE	8-2-4	184	323	1792	6.2
same	1-324-06-002.00					NE,SW	6-3-4	184	323	1865	10
same	1-353-05-005.00					NW	5-5-3	184	323	2304	6
same	1-353-06-008.00					NE	6-5-3	134	732	2316	3.6
same	1-353-07-004.00					NW	7-5-3	184	323	2333	5.7
same	1-424-17-013.00					NW	17-2-4	184	323	2664	12
same	1-424V-20-009.00					NE,SE,SW	20-2-4	184	323	2715	12
same	1-434-18-009.00					NW	18-3-4	184	323	2803	7.5
same	1-434-19-009.00					NW,SW	19-3-4	184	323	2823	12
same	1-453-18-032.00					NW,NE,SE	18-5-3	184	323	3525	11.1
same	1-453-19-023.00					NE,SE	19-5-3	184	323	3560	11.4
same	1-514-16-018.00					SW	16-1-4	184	323	3733	4
same	1-514-21-010.00					NW	21-1-4	184	323	3745	4
same	1-633S-13-001.00					NE	13-3-3	184	323	4996	6.2
same	1-743D-26-005.00					NW	26-4-3	184	323	6374	3
same	1-843-27-016.00					NE,SE,SW	27-4-3	184	323	7253	15.6
same	1-843-28-028.00					SE	28-4-3	184	323	7287	1.2
same	1-843-33-003.00					NE,NW,SW	33-4-3	184	323	7292	13.2
same	1-914-29-005.00					NE,SE	29-1-4	184	323	7612	12
same	1-924-30-029.00					SE	30-2-4	184	323	7750	8.73
same	1-924-31-001.00					NE,SE	31-2-4	184	323	7753	12.5
same	1-934-30-002.00					NW,SW	30-3-4	184	323	7850	12
same	1-934-31-003.00					NW	31-3-4	184	323	7870	8
same	1-934-31-026.00					SW	31-3-4	184	323	7896	6.3
same	1-943-32-009.00					SE	32-4-3	184	323	8060	
same	1-953-29-005.00					SW	29-5-3	184	323	8265	13.3
same	1-953-30-002.00					NW	29-5-3	184	323	8270	0.63



Parcel	Land	Building	Real	Personal	Quarter	ST#	Book	Page	PEN	Acres	Notes
Union County											
Messelup & Tennessee Railway, Inc. 2350 Airport Freeway Suite 203 Bedford, TX 76022											
Parcel											
Mess & Term Railroad Inc											
same	040R-25-003.00				SE	24-72	228	543	3465	7.7	172-748
same	040R-36-003.00				NE & SE	25-72	228	543	3492	11.8	
same	043R-01-045.00				NE & SE	38-72	228	543	3736	9.7	
same	043R-12-028.00				NE & SE	1-82	229	543	3784	12.2	172-748
same	051R-35-005.00				NE & SE	12-82	229	543	4-33	12.3	172-748
same	051R-35-008.00				NE & SE	5-83	228	543	4405	12.4	172-748
same	050R-09-002.00				NE	6-83	228	543	4450	2.9	172-748
same	053R-24-005.00				NW & SW	1-83	228	543	4615	16.4	172-748
same	053R-28-009.00				NW & SW	23-83	228	543	4770	12.1	172-748
same	082R-82-07.8.00				SE	32-84	228	543	4839	-2.4	172-748
same	083R-05-002.00				NW & SW	33-85	228	543	5039	0	172-748
same	067R-18-009.00				NE & SE	5-73	228	543	5285	9.6	
same	070R-18-003.00				NE & SE	18-73	228	543	5248	1.6	172-748
same	070R-18-010.00				SW	18-73	228	543	5236	8.9	174-478
same	033R-08-006.00				NW & SW	18-73	228	543	6235	3	172-478
same	033R-08-007.00				SW	18-73	228	543	6235	8.1	2003-4238 230-3866
same	033R-08-008.00				SW	18-73	228	543	6235	0.61	172-478
same	033R-08-009.00				NE	18-73	228	543	12011	3.3	172-478
same	033R-08-010.00				NE	18-73	228	543	12011	4.82	172-478
Personal											
Mess & Term Railway Inc											
	\$54,551.00			43,400.55					888		
	\$14,144.00			\$908.91					888		
	\$19,655.00			\$1,019.46					880		
Number of Parcels				2							



AMERICAN LAND TITLE ASSOCIATION  
LOAN POLICY  
(10-17-92)

25 0140 107 00000024

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
  - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
  - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

Issued by:  
HOLCOMB DUNBAR, P.A.  
728 GOODMAN ROAD EAST  
SUITE 1  
P.O. BOX 190  
SOUTH AVEN, MS 38671  
(662) 349-0664

*William A. Boston*

CHICAGO TITLE INSURANCE COMPANY

By:

*Robert A. Stone*

President



By:

*Robert A. Stone*

Secretary



LOAN

SCHEDULE B

Policy Number 25-0140-107-0000024  
Loan

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Any rights, interests, or claims of parties in possession not shown by the public records.
  2. Any facts about the land which a correct survey would disclose and which are not shown by the public records.
  3. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
  4. Any adverse claim to any portion of said land which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.
  5. Taxes or special assessments which are not shown as existing liens by public records.  
**NOTE: ITEMS 2, 3, and 4 are hereby deleted.**
  6. Any lease, grant, exception or reservation of minerals or mineral rights on and under the subject land.
  7. General and special taxes or assessments for 2003 and subsequent years not yet due and payable.
- 
8. That certain easement to Muddy Creek Drainage District recorded in Book 112, Page 633 of Tippah County.
  9. That certain easement to State Highway Commission recorded in Book 81, Page 529 recorded in Tippah County.
  10. That certain easement to State Highway Commission recorded in Book 640, Page 470 in Chickasaw County.
  11. That certain easement to State Highway Commission recorded in Book 152, Page 457 and Book 152, Page 471 in Tippah County.
  12. That certain easement to State Highway Commission recorded in Book 567, Page 339 in Pontotoc County.
  13. That certain agreement between Southrail Corporation and State Highway Commission of Mississippi recorded in Book 152, Page 462 in Tippah County.
  14. That certain lease between Gulf Mobile and Ohio Railroad Company and Pontotoc County Industrial Corporation recorded in Book 246, Page 207 in Pontotoc County.
  15. That certain lease between Illinois Central Gulf Railroad Company, and Santa Fe Minerals recorded in Book 579, Page 144 in Chickasaw County.
  16. That certain lease between Illinois Central Gulf Railroad Company, and Ensource, Inc., recorded in Book 566, Page 25, in Chickasaw County.
  17. That certain lease between Gulf & Mississippi Railroad Corporation, and Irvin B. Warner and James Richard Farrell recorded in Book 445, Page 159 in Pontotoc County.
  18. That certain lease between Mississippi & Tennessee Railnet, Inc., and Moon-Hines-Tigrett Operating Co., Inc., as Document Number 1-20022237, Chickasaw County.
  19. That certain Assignment of Leases and Rents benefitting First Bank and recorded in Chickasaw County, Mississippi as Document Number 1-20031008; Pontotoc County, Mississippi as Instrument Number 20033209 in Book 852, Page 236; Tippah County, Mississippi in Book 325, Page 424 and re-recorded in Book 328, Page 514; and Union County, Mississippi as Instrument Number 033134.
  20. That certain UCC-1 benefitting First Bank and recorded in Chickasaw County, Mississippi as Document Number 1-20031009; Pontotoc County, Mississippi as Instrument Number 20033210 and in Book 852, Page 249; Tippah County, Mississippi in Book 325, Page 453; and in Union County, Mississippi as Instrument Number 033135.

SCHEDULE B (EXTENDED COVERAGE)  
LOAN Form

CTLOAN-B.LSS

## EXHIBIT A

### *Legal Descriptions New Albany Branch Line*

#### Chickasaw County, Mississippi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Chickasaw, extending northerly from a line perpendicular to the centerline of the main track at New Albany District Mile Post GG-274 (Valuation Station 14467-120) North of Woodland, CHICKASAW COUNTY, MISSISSIPPI, on, over and across NW/4 SW/4 and W/2 NW/4 SECTION 12; and W/2 SW/4 and NW/4 SECTION 1; T. 15S., R. 2 E., CHICKASAW MERIDIAN; E/2 SW/4, NW/4 SE/4 and NE/4 SECTION 36; E/2 E/2 SECTION 25; and E/2 SE/4 SECTION 24; T. 14 S., R. 2 E; NW/4 SW/4 and NW/4 SECTION 19; E/2 SW/4, NW/4 SE/4 and NE/4 SECTION 18; E/2 SE/4 SECTION 7; W/2 SW/4 and NW/4 SECTION 8; and E/2 W/2 and W/2 E/2 SECTION 5; T. 14 S., R. 3 E; E/2 W/2 and NW/4 NW/4 SECTION 32; SW/4 and W/2 NE/4 SECTION 29; W/2 W/2 SECTION 20; W/2 W/2 SECTION 17; W/2 W/2 SECTION 8; W/2 W/2 SECTION 5; and E/2 E/2 SECTION 6; T. 13 S., R. 3 E; and, E/2 E/2 SECTION 31; E/2 E/2 SECTION 30; E/2 E/2 SECTION 19; E/2 E/2 SECTION 18; E/2 SECTION 7; and W/2 E/2 SECTION 6; T. 12 S., R. 3 E, CHICKASAW COUNTY, MISSISSIPPI, said property including, New Albany District spur track right-of-way in vicinity of Mile Post GG-282.1 in NW/4 NE/4 SECTION 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: (FIRST) All of the West 100 feet of that 150 foot strip lying West of the New Albany District main track centerline in the W/2 SE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi. (SECOND) All of the East 100 feet of that 150 foot strip lying East of the New Albany District main track centerline in the NW/4 SE/4 and SW/4 NE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, and lying South of the North line of the South 160 feet said SW/4 NE/4 Section 5. (THIRD) All of the East 100 feet of that 150 foot strip lying East of the New Albany District main track in the W/2 NE/4 Section 5, T. 14 S., R. 3 E, Houston Chickasaw County, Mississippi, and lying South of the South line of the Mississippi State Hwy. #8 and North of the South line of Lot 71, Griffin Survey. (FOURTH) All of the West 100 feet of that 150 foot wide strip lying West of the New Albany District main track in the W/2 NE/4 Section 5, T. 14 S., R. 3 E, Houston, Chickasaw County, Mississippi, and lying South of the South line of Mississippi State Hwy. #8 and North of the North line of property conveyed to J.H. Tabb and described in correction deed dated 10-7-1983. (FIFTH) All of that 0.07 acre tract situated in the



Union County, Mississippi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Union, extending on, over and across W/2 SW/4 and SW/4 NW/4 SECTION 18; T. 8 S., R. 3 E; E/2 NE/4 SECTION 13; E/2 SE/4 and NE/4 SECTION 12; and W/2 E/2 SECTION 1; T. 8 S, R. 3 E; W/2 E/2 SECTION 36; W/2 E/2 SECTION 25; and SE/4 and SE/4 NE/4 SECTION 24; T. 7 S., R. 2 E; NW/4 SW/4 and NW/4 SECTION 19; SE/4 SW/4 and E/2 SECTION 18; SE/4 SE/4 SECTION 7; SW/4, E/2 NW/4 and NW/4 NE/4 SECTION 8; and W/2 SE/4 AND NE/4 SECTION 5; T. 7 S., R. 3 E; and, SE/4 SECTION 32; NW/4 SW/4 SECTION 33; E/2 W/2 SECTION 28; E/2 W/2 and W/2 NE/4 SECTION 21; W/2 SE/4 and E/2 W/2 SECTION 16; SW/4 and W/2 NW/4 SECTION 9; NE/4 NE/4 SECTION 8; and, E/2 SE/4 and NE/4 SECTION 5; T. 6 S., R. 3 E., UNION COUNTY, MISSISSIPPI, said property including: (A) New Albany District spur track right-of-way in vicinity of Mile Post GG 324.5; in W/2 SW/4 Section 8 T. 7 S., R. 3 E., New Albany, Union County, Mississippi; (B) a 20' wide trackage easement, 10' each side of centerline of New Albany District Tract ICC #7, South of 2.66 acre parcel conveyed to Union

Grocery Co., Inc. 6-2-1975, vicinity Mile Post GG-324.7 in W/2 SW/4 Section 8, T. 7 S., R. 3 E. New Albany, Union County, Mississippi, lying South of the South line of 2.66 acre parcel conveyed to Union Grocery Company, Inc. 6-2-1975; North of North line of 4.09 acre parcel conveyed to Morris Scrap Metal, Inc., 1-25-1980; and West of line parallel and/or concentric with and 10 feet normally distant westerly from centerline New Albany District Track ICC #3. Subject to 20 foot trackage easement for New Albany District Track ICC #7, said easement hereinabove described and conveyed as item (B). SECOND - All that portion of that 200 foot strip lying West of the New Albany District main track centerline in the N/2 SW/4 Section 8, T. 7 S., R. 3 E, New Albany, Union County, Mississippi, lying South of the North line of King Street; North of the North line of that 2.66 acre parcel conveyed to Union Grocery Company, Inc. 6-2-1975 and West of a line described as follows: Begin at a point on the North line of King Street 10 feet normally distant westerly from the centerline of New Albany District westernmost track, and run southerly parallel and/or concentric with the centerline of said westernmost track 375 feet; thence easterly parallel with said North line of King Street 15 feet, more or less, to a line parallel and/or concentric with and 10 feet normally distant easterly from the centerline of New Albany District Track ICC #7; thence southerly along the last said parallel and/or concentric line 230 feet, more or less, to the Northeast corner of the aforesaid parcel conveyed to Union Grocery Company, Inc. 6-2-1975. THIRD - All that portion of that 125 foot strip lying East of the New Albany District main track centerline in the NW/4 NE/4 Section 8, T. 7 S., R. 3 E, New Albany, Union County, Mississippi, lying South of a line parallel with and 80 feet normally distant southerly from the South line of Cleveland Street; North of the North right-of-way line of the Burlington Northern Railroad Company; and East of a line parallel with and 10 feet normally distant easterly from the centerline of New Albany District Track ICC #21. FOURTH - All of the remaining New Albany District industrial property situated in the South 671.6 feet SW/4 NE/4 and NW/4 SE/4 Section 28, T. 6 S., R. 3 E; Union County, Mississippi, that lies East of the East line of Mississippi Hwy. #15.

Less and Except:

1. Gulf, Mobile and Ohio Railroad Company Unto State Highway Commission Of Mississippi, in Book 84 Page 104, recorded April 23, 1964.
2. Gulf, Mobile and Northern Railroad to W. P. Meador, in Book 94, Page 494, recorded September 17, 1968.
3. Illinois Central Railroad Company to Gus Doyle, Jr., Alma T. Doyle and Shand Doyle, in Book 179, Page 115, recorded June 1, 1989.
4. Illinois Central Railroad Company to Jesse D. Allen, in Book 184, Page 116, recorded March 14, 1990.
5. Illinois central Railroad Company to Velma McNeal in Book 186, Page 180, recorded August 16, 1990.
6. Illinois Central Railroad Company to Ray Tune, in Book 200, Page 395 recorded September 7, 1993.
7. Mississippi & Tennessee Railnet, Inc. to Ray Tune, as Instrument # 003366, recorded September 1, 2000.
8. Mississippi & Tennessee Railnet, Inc to Ray Tune as instrument # 004628, recorded December 11, 2000.

Tippah County, Mississippi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Tippah, extending on, over and across W/2 SE/4, SW/4 NE/4 and E/2 NW/4 SECTION 32; SW/4 and W/2 NW/4 SECTION 29; NE/4 NE/4 SECTION 30; E/2 SE/4 and NE/4 SECTION 19; W/2 E/2 SECTION 18; E/2 W/2 and W/2 E/2 SECTION 7; SE/4 SW/4, SE/4 and SE/4 NE/4 SECTION 6; and NW/4 SECTION 5; T. 5, S., R. 3 E; SE/4 SW/4 and SE/4 SECTION 32; NW/4 SW/4 and N/2 SECTION 33; SE/4 SE/4 SECTION 28; SW/4, NW/4 SE/4 and NE/4 SECTION 27; NW/4 NW/4 SECTION 26; SW/4, NW/4 SE/4 and NE/4 SECTION

23; E/2 SE/4 and SE/4 NE/4 SECTION 14; W/2 NW/4 SECTION 13; SW/4, E/2 NW/4 and NW/4 NE/4 SECTION 12; and SE/4 and SE/4 NE/4 SECTION 1; T. 4 S., R. 3 E; W/2 NW/4 SECTION 6; T. 4 S., R. 4 E; SW/4 and E/2 NW/4 SECTION 31; E/2 SW/4 and NW/4 SECTION 30; SW/4 and W/2 NW/4 SECTION 19; and W/2 SW/4 and SW/4 NW/4 SECTION 18; T. 3 S., R. 4 E; NE/4 SECTION 13; E/2 SECTION 12; and E/2 SE/4 SECTION 1; T. 3 S., R. 3 E; W/2 SW/4, NW/4 and W/2 NE/4 SECTION 6; T. 3 S., R. 4 E; W/2 SE/4 and NE/4 SECTION 31; E/2 E/2 SECTION 30; W/2 NW/4 SECTION 29; W/2 SECTION 20; E/2 SW/4 W/2 SE/4 and NE/4 SECTION 17; and W/2 SW/4 SECTION 21; T. 1 S., R. 4 E; TIPPAH COUNTY, MISSISSIPPI, LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: FIRST - All of the East 66 feet of that 116 foot strip lying East of the New Albany District main track centerline in the N/2 SW/4 Section 20, T. 2 S., R. 4 E, Tippah County, Mississippi. AND, SECOND - All of that 156' X 300' tract lying East of a line parallel with and 50 feet from the centerline of the New Albany District main track in the NW/4 NW/4 Section 21, T. 1 S., R. 4 E, Brownfield, Tippah County, Mississippi, as acquired from A.L. Gatlin.

Less and Except:

1. Illinois Central Gulf Railroad Company to Ralph Hare, in Book 104, Page 217, recorded July 25, 1978.
2. Illinois Central Gulf Railroad to Mr. Shelby Graham, in Book 105, Page 51, recorded October 28, 1978.

Pontotoc County, Mississippi

A strip of land of varying widths, hereto operated by the Illinois Central Gulf Railroad Company as a rail line, including all improvements, appurtenances and rights thereunto belonging and owned by the Illinois Central Gulf Railroad Company lying within the limits of the Illinois Central Gulf Railroad Company's New Albany District, in the State of Mississippi, County of Pontotoc, extending northerly on, over and across W/2 E/2 SECTION 31; W/2 E/2 SECTION 30; W/2 E/2 and E/2 NW/4 SECTION 19; W/2 SE/4 and E/2 W/2 SECTION 18; E/2 W/2 SECTION 7; and E/2 W/2 SECTION 6; T. 11 S., R. 3 E; E/2 W/2 and W/2 NW/4 SECTION 31; E/2 W/2 SECTION 30; E/2 W/2 and W/2 NE/4 SECTION 19; W/2 SE/4 and NE/4 SECTION 18; SE/4 SE/4, E/2 NE/4 and NW/4 SECTION 5; T. 10 S. R. 3 E; S/2 W/2 NW/4 SECTION 32; NE/4 NE/4 SECTION 31; E/2 E/2 SECTION 30; NW/4 NW/4 SECTION 29; SW/4, NW/4 SE/4, W/2 NE/4 and E/2 NW/4 SECTION 20; SW/4 and W/2 NW/4 SECTION 17; NE/4 NE/4 SECTION 18; E/2 E/2 SECTION 7; W/2 W/2 SECTION 8; and E/2 SE/4 and NE/4 SECTION 6; T. 9 S., R. 3 E; and, W/2 E/2 and E/2 NW/4 SECTION 31; E/2 W/2 and W/2 NE/4 SECTION 30; and W/2 SE/4, NE/4 NW/4 and NW/4 SECTION 19; T. 8 S., R. 3 E, PONTOTOC COUNTY, MISSISSIPPI, said property including: New Albany District Industry Spur Track right-of-way South of Mile Post GG-308 in W/2 W/2 Section 32, T. 9 S., R. 3 E, and NW/4 Section 5, T. 10 S., R. 3 E., Pontotoc, Pontotoc County, Mississippi; LESS AND EXCEPT FROM THE ABOVE DESCRIBED RIGHT-OF-WAY AND PROPERTY: FIRST - All of West 100 feet of that 150 foot strip lying West of the New Albany District main track centerline in the NW/4 Section 31, T. 10 S., R. 3 E, Algoma, Pontotoc County, Mississippi. SECOND - All of the East 50 feet of that 100 foot strip lying East of the New Albany District main track centerline in the E/2 NW/4 Section 31, T. 10 S., R. 3 E, Algoma, Pontotoc County, Mississippi. THIRD - All of the "Gray" Reservoir property situated in the SW/4 Section 7, T. 10 S., R. 3 E, Pontotoc County,

Mississippi, as acquired from: A.B. Nisbet (2.67 acres) 10-4-1910, recorded Book 100/page 521; W.A. Cruse (1.33 acres) 8-2-1910, recorded Book 100/page 495; and, H.W. Wordlaw (7.02 acres) 2-15-1943, recorded Books 222/page 401. FOURTH - All of the New Albany District "Sand Pit" tract situated SE of the 100 foot wide railroad right-of-way in the NW/4 NW/4 Section 29, T. 9 S., R. 3 E, Pontotoc County, Mississippi, said tract irregular in shape contains approximately 5.75 acres. FIFTH - All of the West 50 feet of that 100 foot strip lying West of the centerline of the New Albany District main track in the E/2 NW/4 and W/2 NE/4 Section 31, T. 8 S., R. 3 E, Eru, Pontotoc County, Mississippi, lying North of the North line of that parcel conveyed to New Creations, Inc. 3-9-1978. SIXTH - All that part of the East 100 feet of that 150 foot strip lying East of the New Albany District main track centerline in the W/2 NE/4 Section 31, T. 8 S., R. 3 E, Eru, Pontotoc County Mississippi; lying East of the following described line: From the point where the East line of the original 100 foot wide railroad right-of-way intersects the North Line said Section 31, run southerly along said East line 475 feet, more or less, to a property corner and the POINT OF BEGINNING; thence continuing southerly along said East line 290 feet to a point; thence easterly at a right angle to the last described course 30 feet, more or less, to a line parallel and/or concentric with and 20 feet normally distant easterly from centerline New Albany District Tract ICC #2; thence southerly along said parallel and/or concentric line, 575 feet, more or less, to aforesaid East line original 100 foot right-of-way; thence southerly along said East line 870 feet, more or less, to property

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Less and Except:

1. Illinois Central Gulf Railroad Company to New creations, Inc., in Book 357, Page 624, recorded May 1, 1978.
2. Illinois Central Gulf Railroad Company to Gladney Hooker, in Book 381, Page 631, recorded September 10, 1980.
3. Illinois Central Gulf Railroad Company to Sethi, S. L. & Raksha, in Book 400, Page 208, recorded January 13, 1983.
4. Southrail Corporation to Michael L. Poe & Larry E. Poe, in Book 510, Page 37, recorded September 21, 1990.
5. Illinois Central Railroad Company to Jim I. Higgins, in Book 604, Page 459, recorded October 17, 1994.
6. The Kansas City Southern Railway Company to Henry, Wallace L. & Patricia Y., in Book 753, Page 286, recorded October 29, 1999.
7. The Kansas City Southern Railway Company to Harold H. Boone, in Book 753, Page 342, recorded November 2, 1999.
8. Kansas City Southern Railway Company to MKG Developers, Inc., in Book 753, Page 351, recorded November 2, 1999.
9. The Kansas City Southern Railway Company to Larry E. Poe & Michael L. Poe, in Book 754, Page 69, recorded December 1, 1999.
10. Mississippi & Tennessee Railnet, Inc. to The Kansas City Southern Railway Company, in Book 754, Page 502, recorded January 19, 2000.
11. The Kansas City Railway Company to Henry, Wallace L. & Patricia Y., in Book 767, Page 255, recorded March 31, 2000.
12. The Kansas City Southern Railway Company to MKG Developers, Inc., in Book 767, Page 349, recorded April 5, 2000.
13. The Kansas City Southern Railway Company to Harold L. Boone, in Book 767, Page 614, recorded April 25, 2000.
14. The Kansas City Southern Railway Company to Larry E. Poe & Michael L. Poe, in Book 767, Page 930, recorded May 22, 2000.
15. Mississippi & Tennessee Railnet, Inc. to Kent Anderson, in Book 771, Page 664, recorded July 21, 2000.
16. Mississippi & Tennessee Railnet, Inc. to Mary S. Parsons and Fred D. Stalnaker, in Book 782, Page 900, recorded January 30, 2001.



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LEXSEE 59 SO. 2D 311

Mississippi Cent. R. R. Co., et al. v. Ratcliff, et al.

No. 38446

Supreme Court of Mississippi

214 Miss. 674; 59 So. 2d 311; 1952 Miss. LEXIS 506

June 9, 1952, Decided

**PRIOR HISTORY: [\*\*\*1]**

Appeal from the chancery court of Adams County; C. F. Engle, Special Chancellor.

**DISPOSITION:**

Reversed and decree for appellants.

**HEADNOTES: Deeds -- railroads -- right of way.**

A deed, which for a recited consideration, further states that it conveys and warrants a described tract of land to a railroad company, carries the fee simple title and the grant is not restricted by the following concluding recital: "The above described tract or right of way containing 7.26 acres more or less". Secs. 2435 Code 1892; Sec. 2764 Code 1906.

**Deeds -- granting clause -- habendum.**

Where the granting clause in a deed and the recital clause are repugnant to the extent that they cannot be reasonably reconciled, the granting clause will prevail; and this is the rule as between the granting clause and the habendum.

**Deeds -- warranty -- right of way.**

The mere fact that a deed in the form of a general warranty is entitled "right of way" or that the term "right of way" is employed in a recital clause, is not sufficient to convert the absolute fee conveyed by the granting clause into an easement.

**Railroads -- use of lands as right of way.**

Where a fee simple title has been [\*\*\*2] conveyed to a railroad company, the fact that the land was used only as a right of way would not effect the fee simple title so conveyed.

**Deeds -- ambiguity -- construction.**

If the language of a deed is ambiguous and uncertain as to the estate intended to be granted, it will be construed to pass a fee rather than a less estate.

**Railroads -- fee simple estate in lands.**

When the statute expressly authorized railroad corporations "to hold and enjoy real estate necessary for its purposes in fee simple or otherwise", a party who challenges the granted fee simple estate, on the ground that such title was not necessary for railroad purposes, has the burden of proving the ground of attack, and in the absence of such proof the deed will stand according to its terms as written. Sec. 4080 Code 1906.

**SYLLABUS:**

Suit by Alice Ratcliff and another against the Mississippi Central Railroad Company and others to cancel any claim of the defendants to the land involved other than a railroad right of way. Decree for complainants and defendants appealed.

**COUNSEL:**

Hannah, Simrall & Aultman, for appellants.

With reference to Sec. 833 of our Code, we find that it has been the standard [\*\*\*3] pattern for more than a hundred years, and when we look at Sec. 852, we find that it dates back to some seventy years.

When we lay the deed in the case at the bar right down by the side of Sec. 852 of the Code, we are at a loss to know what else grantors could have done in order to have invested the grantee with a full and complete title to every element in the pieces of real estate mentioned and described in the deed.

The same observations apply, with equal force, to a

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consideration of Sec. 833 of the Code.

We are not unmindful of the fact that following each and every description of the seven parcels of land conveyed, language of this general import appears: "The above described tract or right of way containing 7.26 acres more or less"; but it is important to observe in this connection that the granting clause says: "We do hereby bargain, sell, convey and warrant unto the said Natchez & Eastern Railroad Company, its successors and assigns, the following described seven pieces or parcels of land . . . and more particularly described as follows:"

Let it be admitted that the land was being bought by the Railroad Company for the purpose of being used as a right of way; the fact remains [\*\*\*4] that the grantors used the very identical language that our Code sections say will convey an absolute fee simple title.

The issues here involved have been clearly and completely disposed of by the recent decisions of this Court. *Whelan v. Johnson*, 192 Miss. 673, 6 So. (2d) 300; *Gaston v. Mitchell*, 192 Miss. 452, 4 So. (2d) 892.

It is certainly not improper to invite the Court's attention to the fact that Sec. 7724 Code 1942 especially confers upon the Railroad Company the right to acquire and own this property.

This was the law that was in effect when this property was acquired by this Railroad Company in the year 1907.

**Laub, Adams, Forman & Truly**, for appellees.

I. The Natchez & Eastern Railroad, under the constitution and laws in effect at the date of the conveyance to it from C. N. Ratcliff and Alice Ratcliff on March 5, 1907, was capable of taking only an easement of right of way for its roadbed. *Williams v. Western Union R. R. Co.*, 52 Wis. 76, 5 N. W. 382; *Nicholson v. Board of Mississippi Levee Comm.*, 203 Miss. 71, 33 So. (2d) 604; *New Orleans & Northeastern Co. v. Morrison*, 203 Miss. 791, 35 So. (2d) 268; *Johnson v. Richardson*, 33 Miss. 462; *Gulf Refining Co. of [\*\*\*5] Louisiana v. Terry*, 163 Miss. 869, 142 So. 457; *Whitworth, et al. v. Mississippi State Highway Comm.*, 203 Miss. 94, 33 So. (2d) 612; *Black's Law Dictionary*, (3rd Ed.), p. 1561; Secs. 3577, 3578, 3590, 3591 Code 1892; Sec. 95, Miss. Const. 1890.

II. The language of the conveyance itself limits the estate conveyed to the railroad company to a mere easement of right of way. *Hart v. Gardner, et al.*, 74 Miss. 153, 20 So. 879; *Henderson v. Mack*, 82 Ky. 379; *Robinson v. Payne*, 58 Miss. 692; *Williams v. Western Union R. R. Co.*, 52 Wis. 76, 5 N. W. 382; *Knoxville v. Phillips*, 162 Tenn. 328, 36 S. W. (2d) 434; *McLemore v. Memphis & C. R. Co.*, 111 Tenn. 639, 69 S. W. 338; *Gulf & Ship Island R. R. Co. v. Patten, et al.*, 187 Miss.

756, 178 So. 468; *Skelly Oil Co. v. Cities Service Oil Co.*, 160 Kan. 226, 160 Pac. (2d) 246; *Illinois C. Co. v. Centerville Telegraph Co.*, 135 Tenn. 198, 186 S.W. 90; *Southern R. Co. v. Vann*, 142 Tenn. 76, 216 S. W. 727; *Summers v. Links*, 19 Tenn. App. 245, 84 S. W. (2d) 1403; *Texas & Pacific R. R. Co. v. Elberlee*, 6 So. (2d) 556; *Nicholson v. Board of Mississippi River Comms.*, 203 Miss. 71, 33 So. (2d) 604; *Gulf Refining Co. of Louisiana v. Terry*, 163 Miss. 869, [\*\*\*6] 142 So. 457; *Hill v. Woodward*, 100 Miss. 879, 57 So. 294; *Sherman v. Petroleum Exploration, et al.*, 280 Ky. 105, 132 S. W. (2d) 768, 132 A. L. R. 137; *New Orleans & Northeastern R. R. v. E. A. Morrison, et al.*, 203 Miss. 791, 35 So. (2d) 68; *Whelan v. Johnson*, 192 Miss. 673, 6 So. (2d) 300, (cited by appellant); Secs. 833, 852 Code 1942; Sec. 4, 46 C. J., p. 1124; *Black's Law Dictionary*, (3rd Ed.), p. 1561.

III. Neither laches nor the statute of limitations has caused the appellee to lose any rights.

#### JUDGES:

Holmes, J. McGehee, C. J., and Alexander, Hall, and Kyle, JJ., concur.

#### OPINIONBY:

HOLMES

#### OPINION:

[\*678] [\*\*311] This suit involves the construction of a deed executed by Alice Ratcliff and her husband, C. N. Ratcliff, to Natchez & Eastern Railway Company on March 5, 1907, reading as follows:

"For and in consideration of the sum of six hundred and fifty-six dollars and eighty cents (\$ 656.80) to us cash in hand paid by the Natchez & Eastern Railway Company, a corporation existing under and by virtue of the laws of the State of Mississippi, the receipt whereof is hereby acknowledged, we [\*\*312] do hereby Bargain, Sell, Convey and Warrant unto the said Natchez & Eastern [\*\*\*7] Railway Company, its successors and assigns, the following described seven pieces or parcels of land, lying, being and situated in the County of Adams, State of Mississippi, and more particularly described as follows:

"1. Beginning at a point on the Natchez & Eastern Railway center line which is the S. E. corner of the plantation known as 'Magnolia Hill' and the N. E.

corner of the 'Sandy Creek' plantation and extending Easterly along the 'old grade' for a distance of 3165 feet, a strip of land 100 feet wide, 50 feet on either side of the present located center line of the Natchez & Eastern Railway.

"The above described tract or right of way containing 7.26 acres, more or less.

"2. Beginning at a point on the Natchez & Eastern center line, which is three feet to the South of the corner of the C. N. Ratcliff, Geo. Riley and Jack [\*679] Springs property and extending Westerly along the 'old grade' through the 'Riley Place' for a distance of 1840 feet a strip of land 100 feet wide, fifty feet either side of the present located center line of the Natchez & Eastern Railway.

"The above described tract or right of way containing 4.14 acres, more or less.

"3. Beginning at a point [\*\*\*8] 150 feet to the North of a point on the present located center line of the Natchez & Western Railroad, which is 475 feet to the East of the S. E. corner of the plantation known as 'Magnolia Hill', and extending Easterly through the 'Sunnyside' plantation for a distance of 475 feet; thence South for a distance of 50 feet; thence East for a distance of 300 feet; thence South for a distance of 50 feet; thence Westerly for a distance of 775 feet; thence North 100 feet to place of beginning.

"The above described tract or right of way contain 1.52 acres, more or less.

"4. Beginning at a point 100 feet to the North at a point on the present located center line of the Natchez & Eastern Railroad, which is 400 feet to the West of a point on the above center line which is 10 feet to the North of the N. E. corner of the Jack Spring property and extending Easterly through the 'Sandy Creek' plantation for a distance of 1450 feet; thence South for a distance of 50 feet; thence westerly for 1450 feet; thence North for 50 feet to place of beginning. The above described tract or right of way containing 1.66 acres, more or less.

"5. Beginning at a point 125 feet to the North of a point on the present [\*\*\*9] located center line of the Natchez &

Eastern Railroad, which is 2600 feet to the East of a point 10 feet to the north of the N. E. corner of the Jack Spring property and extending Easterly through the 'Sandy Creek' plantation for a distance of 900 feet; thence South for a distance of [\*680] 75 feet; thence Westerly for a distance of 900 feet; thence north 75 feet to place of beginning.

"The above described tract or right of way containing 1.54 acres, more or less.

"6. Beginning at a point 80 feet to the North of a point on the present located center line, which is 80 feet to the East of a point 3 feet to the South of the corner of the C. N. Ratcliff, Geo. Riley and Jack Spring property, and extending Westerly through the 'Sandy Creek' plantation for a distance of 300 feet; thence South 30 feet; thence East 300 feet; thence North 30 feet to place of beginning.

"The above described tract or right of way containing 20 acres, more or less.

"7. Beginning at a point 80 feet to the North of a point on the present located center of the Natchez & Eastern Railroad which is 360 feet to the East of J. D. Cranfield's N. E. corner, and extending Easterly through the 'Sandy Creek' plantation [\*\*\*10] for a distance of 300 feet; thence South 30 feet; thence [\*\*313] West 300 feet; thence North 30 feet to place of beginning.

"The above described tract or right of way containing .20 acres, more or less.

"In witness whereof, we have hereunto set our hands this the 5th day of March, A. D., 1907.

"(Signed): C. N. Ratcliff

Alice Ratcliff"

"State of Mississippi,  
"County of Adams.

"This day personally appeared before the undersigned officer, authorized by the laws of the State of Mississippi, to administer oaths and take acknowledgments to deeds of conveyances, the above signed C. N. Ratcliff and Alice Ratcliff, his wife, who acknowledged that they had signed and delivered the foregoing deed of

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conveyance to the grantee therein named on the day and year therein mentioned as their own voluntary act and deed.

[\*681] "Witness my official hand this the 5th day of March, A. D. 1907.

John F. Jenkins, Clerk

By Walter McCrra, D. C."

The suit was originally brought by Mrs. Ratcliff, who with her husband executed the aforesaid deed, in the Chancery Court of Adams County against Mississippi Central Railroad Company and the California Company. Mrs. Ratcliff died during the [\*\*\*11] pendency of the suit and the cause was revived in the name of her executor, Charles Everette Ratcliff. By an amendment to the original bill, the Scranton Lackawanna Trust Company, trustee, was also named as a defendant to the action.

Mrs. Ratcliff alleged that she was the owner in fee of the lands described as Parcels 1 and 3 in the aforesaid deed, subject to an easement or right of way vested in the Mississippi Central Railroad Company; that the Mississippi Central Railroad Company, as the successor to Natchez & Eastern Railway Company, was claiming the fee-simple title to said lands under and by virtue of the aforesaid deed; that the California Company was claiming mineral interests in said lands under and by virtue of an oil and gas lease executed to it thereon by the Mississippi Central Railroad Company; that the Scranton Lackawanna Trust Company, trustee, was asserting a bond mortgage on said lands. The bill prayed the cancellation of the respective claims of the defendants as a cloud upon the title asserted by the complainant, and sought an accounting from the California Company with respect to oil royalties. Demurrers to the bill were overruled and the defendants answered, [\*\*\*12] and upon the conclusion of the evidence the chancellor rendered a decree, construing the deed in question to convey only an easement or right of way over the lands therein described, and granting the prayer of the original bill.

The proof is undisputed. The original deed introduced in evidence bore the following endorsement on the back thereof in unidentified handwriting: "C. N. Ratcliff et [\*682] ux to Natchez & Eastern R. R. -- Deeds to Rights of Way". Attached was a sheet which appears to have been a part of the voucher issued for the purchase money and on which was typed by some unidentified person the following: "C. N. Ratcliff & wife to Natchez and Eastern Ry. Co. -- right of way". Upon obtaining the deed the Railroad Company constructed its railroad on the lands, excavating to a depth of fifteen or twenty feet where necessary for its purposes, building fills and erecting telegraph poles and whistling posts thereon, and executed bond mortgages under a general

description which included this and other lands, and paid taxes thereon pursuant to an assessment under a general description which included this and other lands. The Mississippi Central Railroad Company, as the [\*\*\*13] successor of the Natchez & Eastern Railway Company, became vested with all of the right and title of the Natchez & Eastern Railway Company under the aforesaid deed. In August, 1941, Mrs. Ratcliff executed to the California Company an oil, gas and mineral lease on the lands, and on June 27, 1943, the Mississippi Central Railroad Company executed to the California Company an oil, gas and mineral lease on said lands. This suit to have the deed construed as a conveyance of only an easement or right of way was filed on December 7, 1950.

[\*\*314] It is the contention of the appellant that the deed conveyed an estate in fee simple and that the chancellor erred in construing the deed to convey only an easement or right of way. We concur in this contention. *Section 2435 of the Mississippi Code of 1892*, which was re-enacted as *Section 2764 of the Mississippi Code of 1906*, and successively re-enacted in our subsequent Codes, provides as follows: "Every estate in lands granted, conveyed, or devised, although the words deemed necessary by the common law to transfer an estate of inheritance be not added, shall be deemed a fee-simple if a less estate be not limited by express words, or [\*683] [\*\*\*14] unless it clearly appears from the conveyance or will that a less estate was intended to be passed thereby."

The deed is in the usual form of a general warranty deed. Its granting clause conforms to the form of conveyance prescribed by *Section 2816 of the Mississippi Code of 1906* in effect at the time the deed was executed, and in plain and unambiguous language conveys an estate in fee simple.

In 74 C. J. S., Railroads, § 84, pages 474 and 475, it is said as follows: "A grant or conveyance to a railroad company which has power to acquire by purchase such real estate as may be necessary for the construction and operation of its road, and to take a fee-simple title thereto, will be held to convey a fee-simple title in the land and not a mere easement where such appears to be the intention of the parties as gathered from the entire instrument, particularly where the conveyance is in the usual form of a general warranty deed, or quitclaim deed, without any words of limitation or restriction and without purporting to convey merely a right of way; or where the only reservation made is the use of the granted premises by the grantor for ingress and egress to and from adjoining lands. This [\*\*\*15] rule is particularly applicable under a statutory provision that every estate in land conveyed shall be deemed an estate in fee simple unless limited by express words."

Appellee, however, places much emphasis upon the

1952 Miss. LEXIS 506, \*\*\*

recital in the deed following the metes and bounds description of each parcel of land, which omitting the number of acres, reads: "The above described tract or right of way containing -- acres, more or less". It is argued by appellee that this recital manifests an intention to convey only a right of way. We do not think this position is tenable. The recital clearly has no purpose to do more than designate the quantity of land embraced in each tract. The words "right of way" following the word "tract" were manifestly used as synonymous with tract. In view of the position of the [\*684] words, it certainly can not be said that it was the clear intention to use the word "tract" as synonymous with "right of way". If, however, importance is to be attached to the use of the words "right of way" in the recital clause, the most that could be said is that it creates a repugnant and irreconcilable conflict between the granting clause and the recital clause, in which [\*\*\*16] situation the granting clause controls. "Relatively to the granting clause, recitals in a deed stand in much the same position as the habendum -- that is, the granting clause, if clear and specific, will prevail over recitals, whether such recitals precede or succeed the granting clause." 16 Am. Jur., page 575, Section 241. It is universally conceded that where the granting clause and the habendum are so repugnant to each as not to be susceptible of any reasonable reconciliation, the granting clause will prevail. 16 Am. Jur., page 567.

In the case of *Robinson v. Payne*, 58 Miss. 690, this Court held that the fee conveyed by the granting clause can not be converted into a life estate by the habendum, the Court saying: "This seems plainly an attempt to convert the absolute fee conveyed by the granting clause into a life-estate by the habendum, which cannot be done. From the earliest times the decisions are uniform that where there is a clear and manifest repugnance between the premise and the habendum clauses of a deed, the former must prevail; and the doctrine is no less well recognized and maintained now than in the days of Coke and Sir Matthew Hale."

Appellee further argues that [\*\*\*17] the endorsement of the words "deed to rights [\*\*\*315] of way" on the back of the deed, and the typed notation "right of way" on the voucher sheet, manifest a clear intention to convey a right of way only. We do not think so. It is not shown by whom these notations were made, whether by the recording clerk or some clerical employee. These notations are definitely no part of the deed itself. They constitute no part of the granting clause, nor of an habendum, and if [\*685] they are to be considered recitals, they are repugnant to the granting clause and the granting clause controls. The mere fact that a deed may be entitled "right of way", or that the term "right of way" is employed in a recital clause, is not sufficient to convert the absolute fee conveyed by the granting clause into an easement. In 74 C. J. S.,

Railroads, Sec. 84, page 475, it is said as follows: "If the conveyance is in the form of a general warranty deed, or otherwise shows an intention to convey a fee-simple title, it will be so construed, although the instrument is entitled 'deed of right of way,' or employs the term 'right of way' in describing the property conveyed, or states that the conveyance [\*\*\*18] is for railroad purposes only."

In 44 Am. Jur., page 317, it is said as follows: "In instances, however, involving the construction of deeds granting 'land' rather than a 'right', the result has been reached that the fact that the deed contained additional language embodying some reference to a 'right of way' did not operate to limit the estate conveyed or to cut it down from a title in fee to an easement. A deed which was in every detail a general warranty deed, containing no reference to right of way in either the granting or habendum clause, although the latter clause contained a recitation that the grantor also conveyed to the company 'such earth, material, timber and rock as may be found on my lands herein mentioned,' followed by the words 'and granted herein as right of way', which were interlined on the printed deed in handwriting, was construed to pass a fee simple estate rather than an easement."

Appellee says further that the railroad company has used the land only for a right of way, thus construing the conveyance as one of an easement only. We do not think that the proof supports the view that the lands have been used for right of way purposes only, but if it did, we [\*\*\*19] think this would be immaterial if a fee-simple estate was conveyed by the deed. The Court, in [\*686] the case of *Kynerd v. Hulen*, 5 Cir., 5 F. (2d) 160, 161, in a well-reasoned opinion dealing with facts analogous to the case at bar, said: "If a fee-simple estate be acquired, it is immaterial that the land so held in extent and area constitutes the right of way or that it is so used."

We recognize the modern trend of authorities that the intention of the parties is controlling if it can be clearly gathered from the entire instrument, but we also recognize the principle that in construing a deed to determine whether it conveys a fee or a less estate, if the language of the deed is ambiguous and uncertain as to the estate intended to be conveyed, it will be construed to pass a fee rather than a less estate. 26 C. J. S., Deeds, Sec. 109, page 339. We are of the opinion that there is no uncertainty or ambiguity in the language of the deed before us. It is a full warranty deed. The granting clause described land and not an easement and by its plain language vested an estate in fee simple in the grantee. If the language of the deed could be said to be ambiguous or uncertain [\*\*\*20] as to the estate intended to be conveyed, it would follow under well-recognized rules of construction that it should be construed to pass a fee rather than a less estate.

We are unable to concur in appellee's contention that the railroad company was incapable of acquiring a fee-

214 Miss. 674, \*, 59 So. 2d 311, \*\*;

1952 Miss. LEXIS 506, \*\*\*

simple estate in the lands, and this without regard to whether or not the grantor in the deed can question the capacity of her grantee to take the estate conveyed. *Section 4080 of the Mississippi Code of 1906*, which was in effect at the time of the execution of the conveyance, expressly authorized railroad corporations "to hold and enjoy real estate necessary for its purposes, in fee-simple or otherwise." The complainant in challenging the validity of the deed upon the ground that the fee-simple estate was not necessary for the railroad company's purposes assumed the burden of [\*316] proving the grounds of her attack. The proof is insufficient to meet [\*687] this burden. "Various presumptions have been held to arise in connection with deeds. A deed is presumed to be that which it purports to be, and the burden is on the one asserting otherwise. When a deed

sufficient to vest a title is executed [\*\*\*21] and delivered, the law raises the presumption of an intent to pass the title in accordance with its terms, and the burden rests on the one who avers a different intention." 26 C. J. S., Deeds, Sec. 181, page 585.

In view of these conclusions, we deem it unnecessary to consider any other assignment of error, and it follows from the views expressed that the decree of the court below must be and it is reversed and a decree entered here for the appellant.

Reversed and decree for appellant.

**McGehee, C. J., and Alexander, Hall, and Kyle, JJ., concur.**



**Complete Appraisal - Summary Format  
of a Segment of Railroad Corridor  
Land Only**

**Located within Chickasaw, Pontotoc and Union  
Counties, Mississippi:**

- **Houston to New Albany, MS.  
(MP 281.4 to MP 324.6)**

**for**

**Ironhorse Resources, Inc.  
Mississippi Tennessee Holdings, LLC**

Kenneth Young & Associates  
Valuation Consultants/Appraisers to the Rail Industry  
1066 Florida, Suite 101  
Elk Grove, Illinois 60007

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1066 Florida, Suite 101  
Elk Grove, Illinois 60007  
Phone (847) 524-7137  
Fax (847) 524-5985  
E-Mail: KenY1949@aol.com

September 10, 2004

Mr. Randy Cundiff  
Vice President  
Ironhorse Resources, Inc.  
102 Willow Drive  
P.O. Box 99  
O'Fallon, Illinois 62269

Dear Mr. Cundiff:

In accordance with your request we have prepared an appraisal of a segment of railroad right-of-way (r-o-w) located within Chickasaw, Pontotoc, and Union Counties Mississippi. Specifically the r-o-w segment extends from Houston (MP 281.4) to New Albany, Mississippi (MP 324.6). The appraisal is for the underlying land and excludes track structure and/or bridge improvements.

The purpose of this appraisal is to form an opinion of Market Value of the fee simple interest in the subject property. This report is to be used by the Mississippi Tennessee Railroad, LLC (client of record) to establish an Net Liquidation Value (NLV) of the subject property. The use of this report for any other purpose or by any other user renders the appraisal invalid. The opinion of value contained herein is as of August 25, 2004 the date the subject property was inspected by the appraiser.

We have conducted a complete appraisal process, reported in a *Summary Format*. As such, the attached report presents only summary discussions of data, reasoning and analyses that were used in the complete appraisal process from which the appraiser's opinion of value was developed. The depth of discussions contained herein is specific to the needs of the client for the intended use previously stated.

We have not investigated the title to or any liabilities against the subject property. Neither Kenneth Young & Associates nor any of its personnel have any financial interest in the assets appraised. We further certify that the compensation received for this appraisal is not contingent upon the opinion of value stated herein. Further, this report and all opinions of value are subject to the Statement of Limiting Conditions contained herein and the appraisal is subject to any toxic wastes of hazardous substances affecting the site.

Mr. Randy Cundiff  
Vice President  
Ironhorse Resources, Inc.  
Mississippi Tennessee Holdings, LLC  
September 10, 2004  
Page Two

In our opinion the Market Value of the fee simple interest in the subject right-of-way property as of August 25, 2004 was reasonably represented by:

**Mississippi Tennessee Railroad**  
**Houston to New Albany, MS. Corridor**  
**Mile Post 281.4 to Mile Post 324.6**

**\$1,800,000**

**(One Million Eight Hundred Thousand Dollars)**

Respectfully Submitted,

*Kenneth Young & Associates*

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## **INTRODUCTION**

### **PROPERTY IDENTIFICATION**

The subject property is a continuous segment of railroad right-of-way owned and operated as a rail freight corridor by the Mississippi Tennessee Holdings, LLC of Ironhorse Resources, Inc. The railroad is located within the State(s) of Tennessee and Mississippi. The subject property appraised is a portion of this r-o-w and is located within the State of Mississippi.

### **PURPOSE OF APPRAISAL**

The purpose of the appraisal is to form an opinion of the Market Value of the fee simple interest in the subject property. The basis of which is a Net Liquidation Scenario for determining value. This assumes the railroad line will cease operations and all property sold in an orderly fashion for its highest and best use with due consideration given to those costs associated with accomplishing the sale and the time required to liquidate the property.

### **INTENDED USE OF APPRAISAL**

The intended use of this appraisal is to establish an equitable sales/purchase price based on a NLV estimate. The use of this appraisal for any other reason renders the appraisal invalid.

### **INTENDED USER**

The report has been prepared solely for the use of Mr. Randall Cundiff and the Mississippi Tennessee Railroad LLC (client of record). Use of this report by others is not intended and renders the report invalid.

### **PROPERTY RIGHTS APPRAISED**

The fee simple interest has been appraised. Fee simple interest is defined by the Appraisal Institute as:

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.*

With the exception of current zoning restrictions, deed restrictions, (if any) and easements of record, the fee title is assumed to be free and clear of all other liens, encumbrances, restrictions and/or defects of title.

## **DATE OF THE APPRAISAL**

The effective date of this appraisal is August 25, 2004, the date the subject property was inspected by the appraisers. This report was prepared September 10, 2004.

## **DISCLOSURE OF COMPETENCE**

Prior to agreeing to perform this appraisal the appraisers have carefully considered the knowledge and experience required to complete the assignment competently and have concluded that they have the necessary skills and resources to complete the assignment. The appraiser has valued other railroad corridors throughout the United States and have prepared numerous NLV rail appraisals within the mid-western region. The reader is referred to the appraisers' qualifications located in the Addenda of this report.

## **PROPERTY HISTORY AND OWNERSHIP**

The subject property was a former freight corridor of the Gulf, Mobile & Northern R.R. system which was folded into the Illinois Central Rail system. Estimated date of construction was approximately 1904/05+/- . The current line comprises a portion of a corridor system purchased by Mississippi & Tennessee RailNet, Inc. in June of 1997 from the Kansas City Southern Railway Company. The current operating system was purchased from Mississippi Tennessee RailNet by Mississippi Tennessee Holdings, LLC in May/June of 2003, and operated as the Mississippi Tennessee Railroad, LLC

## **DEFINITION OF MARKET VALUE**

Market Value is defined by the Appraisal Foundation as:

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby;*

- 1.) Buyer and seller are typically motivated;*
- 2.) Both parties are well informed or well advised, and acting in what they consider their best interests;*
- 3.) Reasonable amount of time is allowed for exposure in the open market;*

*4.) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

*5.) The price represents the normal consideration for the property sold unaffected by special or creative or sales concessions granted by anyone associated with the sale.*

## **ZONING**

As the subject corridor extends throughout various sectors of the three counties, it abuts multiple zoning uses. The valuation methodology of this report dictates that the right-of-way is to be segregated into various parcels for piecemeal disposition. Each parcel typically abuts a land use based on county, city, or village zoning regulations. The land zoning use is detailed within the individual parcel sheets contained within this report.

## **REAL PROPERTY TAXES AND ASSESSMENTS**

The subject property is a segment of an active railroad right-of-way and part of a larger railroad operating system. Railroad rights-of-way are charged by the State as an operating entity and taxes for this portion of the system were not available.

## **ENVIRONMENTAL IMPACT**

Although an inspection of the subject property did not reveal any readily apparent environmental concerns, the possibility of non-visual problems exists. It should be clearly noted that the appraiser is not considered an expert in this field and we strongly recommend that the client or users of this report retain experts in the environmental field, if concerned about such issues.

## **EXPOSURE TIME**

An estimate of exposure time is implicit in the definition of Market Value. It requires that a reasonable time be allowed for exposure to the open market. Exposure time is defined as;

*The estimated length of time the property interest being appraised would have been offered on the open market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.*

The estimate of a time period for reasonable exposure is estimated at a range and is not presumed to be a prediction of date of sale. Such estimates may be based on one or more of the following considerations.

- Available statistical information
- Information gathered through analysis of comparable sales
- Interviews with market participants/appraisers
- Funding or offers of financial assistance (OFA) to purchase such corridor(s)

Based on the foregoing parameters with emphasis on the location, discussions between the parties, this composite period is estimated to be approximately five years.

#### **SCOPE OF THE APPRAISAL**

The scope of this appraisal was to perform the procedures necessary to form an opinion of the Market Value of the subject property. This report constitutes a complete appraisal process reported in a *Summary Format*. Specifically, in preparing this appraisal and narrative report we have:

- Inspected the real property and its environs;
- Analyzed the economic environment for the real estate in the appropriate areas;
- Analyzed the surrounding land uses and the density of such uses abutting the subject real property;
- Collected and analyzed information regarding property offerings, sale prices, and types of property available in the marketplace;

Ironhorse Resources, Inc., supplied railroad valuation maps delineating the right-of-way system and adjacent corridors. Zoning, city street, parcel plat maps, and other exhibit material outlining the various segments of right-of-way were obtained from various city and village officials. It should be clearly noted that the client has requested an opinion of Market Value based on the subject property on a Net Liquidation Value basis. This assumes disposition of the property on a orderly basis.

## AREA DESCRIPTION AND ANALYSIS

### INTRODUCTION

An analysis of regional and community data is designed to examine the operations of appraisal principles by studying the interaction of the four forces that affect property value. These forces are defined as economic, social, governmental, and environmental in nature. The analysis of these factors is basic for three basic reasons. First, they provide a background against which to place specific properties being appraised. Secondly, they supply information about trends that affect land values and figures for appraisal calculations employed within the traditional approaches to value. Finally, they form a basis upon which to develop judgements about Highest and Best Use, reconciliation of value indications of the various approaches to value, and the final opinion of defined value. A neighborhood is a group of complementary land uses. Neighborhood boundaries are identified by determining the area in which forces operate on properties in the same way that they operate on the property being appraised. These boundaries are economic rather than physical, although influences may end at physical observable points. In larger towns and cities the neighborhood usually consists of a portion of the larger urban area whereas the entire community may constitute the neighborhood in smaller towns.

### GENERAL LOCATION

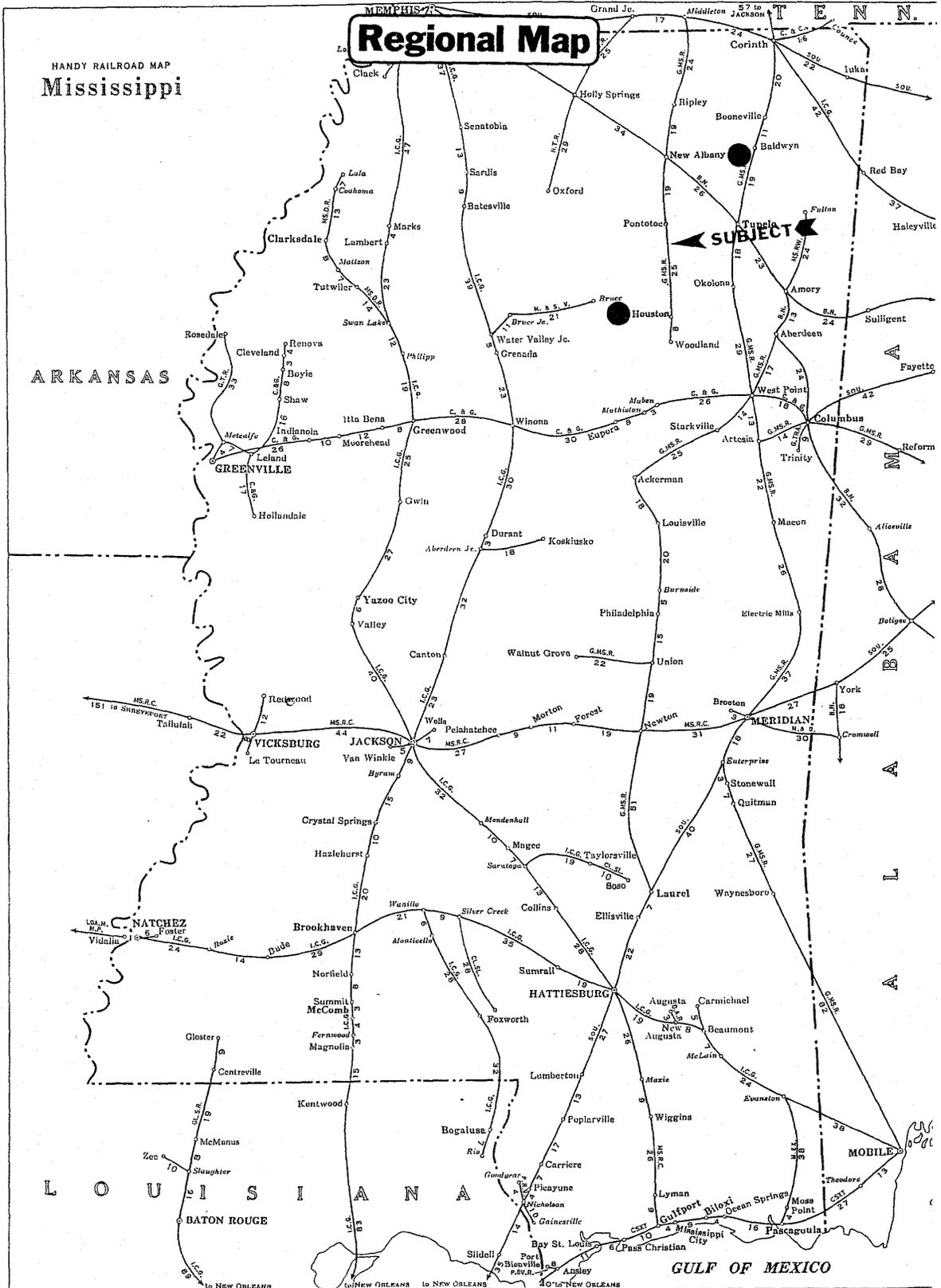
The subject right-of-way is located in the northeast quadrant in the State of Mississippi within Chickasaw, Pontotoc and Union Counties. The City of New Albany, Mississippi is at the north end of the subject, City of Pontotoc, Mississippi in the middle and the City of Houston, Mississippi on the south end.

The corridor is approximately 43.2 miles in length and with the milepost indicators extending from a south to north direction from Houston to New Albany, Mississippi. The corridor is estimated to contain an estimated total of 553 +/- acres of land. Typical corridor width is 100 feet with Station areas up to 300 feet in width. Stations along the corridor include:

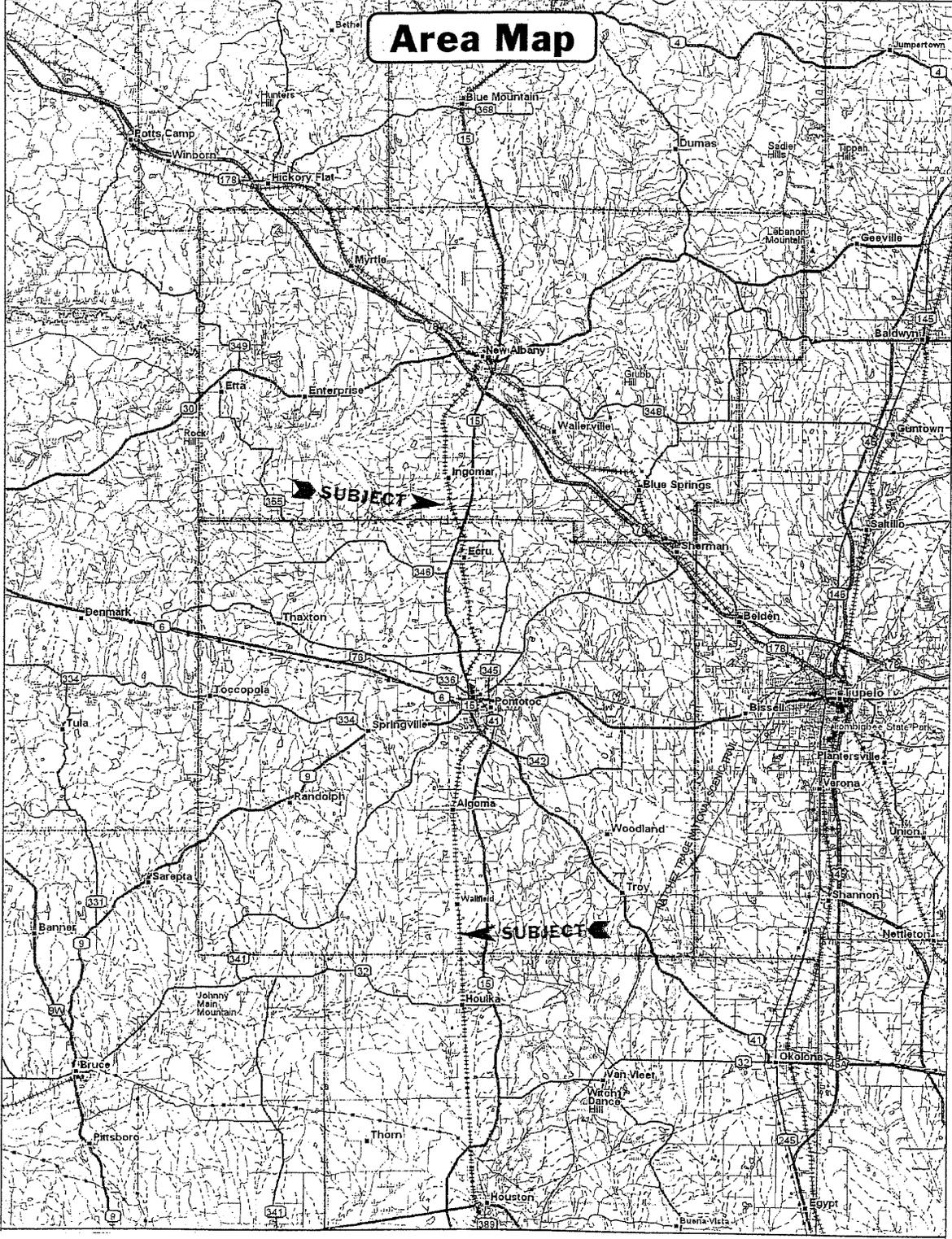
- Houston, MS. (MP 281.87)
- New Houlika, MS. (MP 291.95)
- Algoma, MS. (MP 301.20)
- Pontotoc, MS. (MP 306.81)
- Ecu, MS. (MP 314.5)
- Ingomar, MS. (MP 319.06)
- New Albany, MS. (MP 325.9)

# Regional Map

HANDY RAILROAD MAP  
Mississippi



# Area Map



## Community Profile - Chickasaw County

### County Features

- County Seat(s) - Houston, Okolona
- Land Area - 503 square miles
- County land area in commercial forests - 43%
- National Parks/Historic Landmarks  
*Tombigee National Forest*  
*Natchez Trace Parkway*

### Population\*

Population*	1990	1995	2000	2001	2010
Houston	3,910	3,983	4,079	NA	NA
Chickasaw County	18,119	18,251	19,440	19,400	19,147

### Most populated cities in Chickasaw County

City	2000 Population
Houston	4,079
Okolona	3,056
Woodland	159

### Age breakdown of county population, 2000:

0 to 17	28.6%
18 to 24	9.3%
25 to 44	27.6%
45 to 64	21.0%
65 and over	13.5%

**Median age of county population, 2000: 34.4**

*\* Source: U.S. Bureau of Census*

**Industry**

**Largest Manufacturers in County**

Name	Employees	Type of Business
Franklin	1,150	Upholstered Furniture
United Furniture Industries. Okolona	434	Upholstered Furniture
Life Style Furniture	340	Upholstered Furniture
Astro-Lounger/Davis Furniture	200	Upholstered Furniture
Ark-Ell Springs, Inc.	186	Other wire springs

**Labor Force**

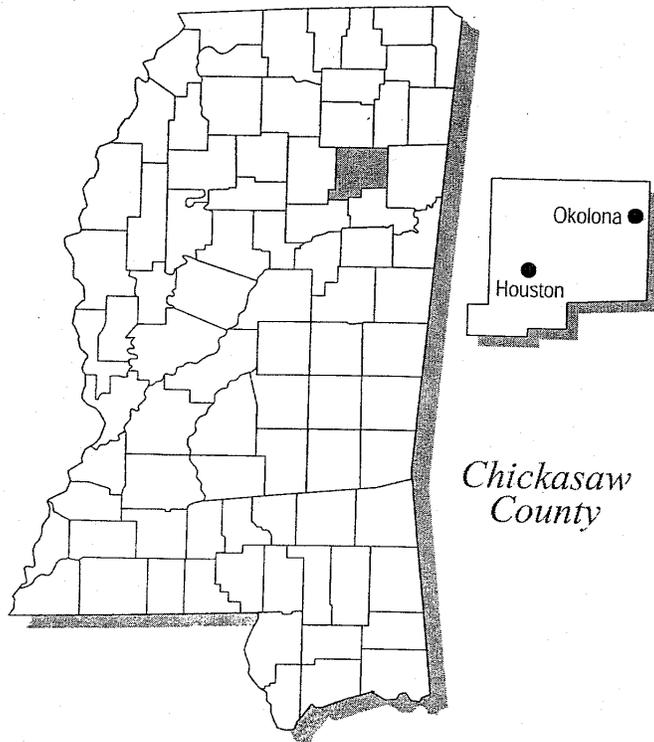
Annual Average, 2001	Chickasaw County
Labor Force	7,730
Male Percentage	50%
Female Percentage	50%
Total Employment	6,610
Manufacturing	5,390
Services & Misc.	640
Total Unemployed	1,120
Unemployment Rate	14.5%
U.S.	4.8%
Mississippi	5.5%

**Location**

**Distance to selected cities from Houston, MS.**

City/Area	Distance
Atlanta, Georgia	345 miles
Chicago, Illinois	602 miles
Dallas, Texas	548 miles
Jackson, Mississippi	165 miles
Memphis, Tennessee	145 miles
New Orleans, Louisiana	320 miles

*County Location*



## Community Profile - Pontotoc County

### County Features

- County Seat - Pontotoc
- Land Area - 499 square miles
- County land area in commercial forests - 46%
- National Parks/Historic Landmarks  
*Holly Springs National Forest*  
*Natchez Trace Parkway*

### Population\*

Population	1990	1995	2000	2001	2010
Pontotoc	4,589	4,977	5,253	NA	NA
Pontotoc County	22,328	24,094	26,726	27,053	29,078

### Most Populated cities in Pontotoc County

City	2000 population
Pontotoc	5,253
Ecran	947
Sherman	548
Thaxton	513
Algoma	508

### Age Breakdown of county population, 2000:

0 to 17	27.6%
18 to 24	8.7%
25 to 44	29.5%
45 to 64	21.4%
65 and over	12.8%

**Median age of county population, 2000: 34.8**

*\* Source: U.S. Bureau of Census*

**Industry**

**Largest Manufacturers in County**

Company Name	Employees	Type of Business
Ashley Furniture Industries - Ecu	1,500	Wood Household Furniture
Lane Furniture Industries - Pontotoc	725	Wood Household Furniture
Southern Motion, Inc	350	Wood Household Furniture
Brookwood Furniture, Co. - Pontotoc	320	Wood Household Furniture
Genesis Furniture Industries	250	Wood Household Furniture

**Labor Force**

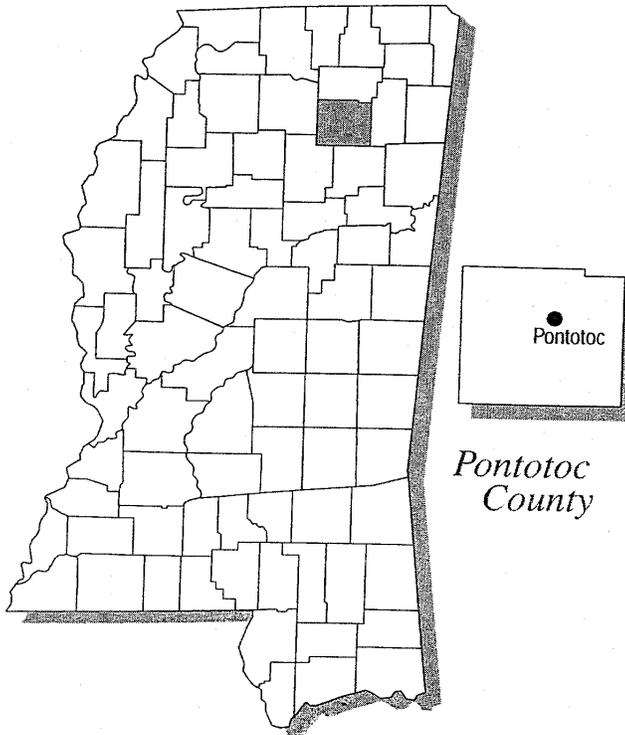
Annual Average	Pontotoc County
Labor Force	13,990
Male Percentage	54%
Female Percentage	46%
Total Employment	13,280
Manufacturing	5,570
Services & Misc.	760
Total Unemployed	710
Unemployment Rate	5.1%
U.S.	4.8%
Mississippi	5.5%

**Location**

**Distance to selected cities from City of Pontotoc**

City Area	Distance
Atlanta, Georgia	316 miles
Chicago, Illinois	576 miles
Dallas, Texas	574 miles
Jackson, Mississippi	185 miles
Memphis, Tennessee	111 miles
New Orleans, Louisiana	346 miles

*County Location*



## Community Profile - Union County

### County Features

- County Seat - New Albany
- Land Area - 417 square miles
- County land area in commercial forests - 45%
- National Parks/Historic Landmarks  
*Holly Springs National Forest*

### Population\*

Population	1990	1995	2000	2001	2010
New Albany	6,773	6,967	7,607	NA	NA
Union County	22,079	22,842	25,362	25,782	26,384

### Most populated cities in Union County

City	2000 Population
New Albany	7,607
Myrtle	407
Blue Springs	144

### Age breakdown of county population, 2000:

0 to 17	25.9%
17 to 24	9.2%
25 to 44	28.5%
45 to 64	22.2%
45 to 64	14.1%

**Median age of county population, 2000: 35.6**

*\* Source: U.S. Census Bureau*

**Industry**

**Largest Manufacturers in County**

Name	Employees	Type of Business
Master-Bilt products	500	Commercial Refrigerators
Albany Industries	460	Wood Furniture
Caye Upholstery	450	Wood Furniture
Piper Impact	350	Job stampings, automotive
Hillcraft Furniture Manuf.	220	Wood Furniture

**Labor Force**

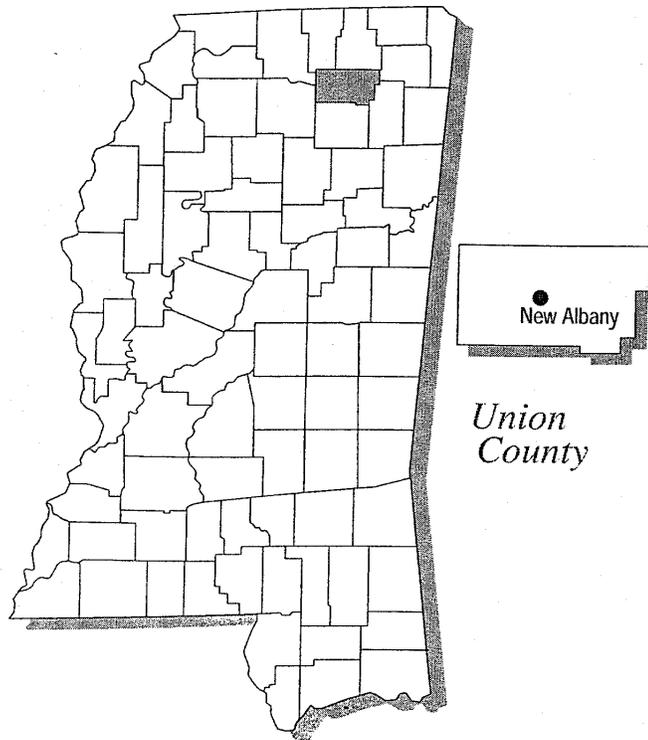
Annual Average, 2001	Union County
Labor Force	12,760
Male Percentage	55%
Female Percentage	45%
Total Employment	12,220
Manufacturing	4,170
Services & Misc.	980
Total Unemployed	540
Unemployment Rate	4.2%
U.S.	4.8%
Mississippi	5.5%

**Location**

**Distance to selected cities from New Albany, MS.**

City/Area	Distance
Atlanta, Georgia	316 miles
Chicago, Illinois	560 miles
Dallas, Texas	545 miles
Jackson, Mississippi	182 miles
Memphis, Tennessee	82 miles
New Orleans, Louisiana	358 miles

*County Location*



## Summary

Based on the community profile information, discussions with local realtors and appraisers, and a review of local economic data we can offer this opinion as to the local economies and land values. The values tend to increase as the right-of-way proceeds north. The Chickasaw/Pontotoc County line appears to be the dividing line for increases in agricultural values as well as industrial/commercial properties. Unemployment is highest within Chickasaw County and the resulting local economy reflects this condition. Other factors include county financial assistance to industry in the form of tax increment financing (TIF) where land is sold at a below market rate in order to induce industry to move within a local city or particular county in a trade-off for jobs. The other two counties, Pontotoc and Union, reflect more of market economy without such an stimulus package. In addition there is a larger industrial / commercial base within Pontotoc and Union Counties where the unemployment rate within these two counties is below the State average.

Located within the addenda of this report is an exhibit which estimates land areas for the various parcels. Using this information and the parcel sheets within the body of this report we can classify the land areas into one of five zoning uses; Agricultural, Industrial, Commercial, Rural Business and Residential.

### Property Area (All Counties)

Zoning/Property Use	Acres	% of Total
Agricultural	384.17	71.99%
Industrial	54.66	10.24%
Commercial	25.08	4.70%
Rural Business	53.49	10.03%
Residential	<u>16.23</u>	3.04%
<b>Totals</b>	<b>533.63</b>	<b>100.00%</b>

## SITE DESCRIPTION

The subject right-of-way is an active rail freight corridor owned and operated by the Mississippi Tennessee Railroad, LLC. The subject corridor is located in the northeast corner of the State of Mississippi within Chickasaw, Pontotoc and Union Counties. The portion of the r-o-w selected for abandonment extends in a general south to north direction starting on the south side of the City of Houston, Mississippi and terminating on the south end of the City of New Albany, Mississippi. The corridor length is approximately 43.2 miles (Mile Post 281.4 to Mile Post 324.6), containing a land area estimated at 553 +/- acres. In general the right-of-way (r-o-w) abuts agricultural/pasture land. Exceptions are when the r-o-w enters the larger communities and cities where land use typically is of an industrial or business use. The smaller communities are typically more lenient or liberal in terms of allowing a wider interpretation of zoning land uses.

The r-o-w width for the subject is typically one hundred feet with certain exceptions as the corridor enters various communities and cities throughout the three counties. Width for r-o-w within the communities varies from 100 feet to 300 feet.

The r-o-w starts at MP 281.4 within the City of Houston, Mississippi. The starting point is located south of State Highway 8 (Madison Street) on the south side of the city. The corridor width south of S.H. 8 is up to 300 feet, suitable for most development purposes. The r-o-w abuts industrial properties within the city limits exiting Houston at Industrial Drive (MP 283.8). The r-o-w north of S.H. 8 is generally level and has a 100 foot width. Exiting the northern city limits the r-o-w continues north and enters an abutting land use of wooded/open area on a small to medium fill. At approximately MP 285 the land use changes from the open/timber use to a pasture/agricultural land use. Width of the r-o-w is 100 feet on a small to level fill. At MP 291.33 the r-o-w enters the south corporation limits of New Houlka, Mississippi and extends to the northern corporation limits at MP 292.34. Abutting land use is typically industrial/business with the community, and corridor width varies from 100 to 250 feet.

Exiting the north limits of New Houlka, Mississippi at MP 292.34 the r-o-w continues north and abuts a land use of alternating pasture land and open/timber areas. The parcel, extending south to north, exits Chickasaw County and enters Pontotoc County at MP 294.32. Corridor width is 100 feet and the track bed is situated on level to small fill. At MP 300.86 the r-o-w enters the southern corporation limits of Algoma, Mississippi. Corridor width varies from 100 to 250 feet within this parcel. Abutting land use with the Algoma area can best be described as industrial/business use. Exiting the Algoma northern corporate limits at MP 301.52 the r-o-w continues north through agricultural and open land areas. At MP 303.4 the land use changes to wooded/open land use with a corridor width of 100 feet and continues with this use to the southern corporate limits of the City of Pontotoc, Mississippi. The track structure is located on a medium to high fill. Adjacent land features a rolling topography with a mixture of woods and open land. At MP 304.95 the corridor is adjacent to a surplus land parcel (RR parcel No. 2) which at one point was a 2 million gallon water reservoir. Although this parcel is no longer used as a water reservoir the area remains as a part of the r-o-w parcel.

At MP 305.24 the corridor enters the southern corporate limits of the City of Pontotoc, Mississippi. From this southern point the r-o-w curves to the northeast and then back to the north as the corridor adjoins a series of alternating zoning uses ranging from residential to industrial to commercial. This particular segment (within the city limits) of the r-o-w has the highest density and highest land values of the entire corridor. The r-o-w width within the corporate limits is generally 100 feet with the track structure located on a medium to high fill. At MP 308.0 the corridor returns to its northern direction, levels out in terms of the track structure fill and adjoins the Pontotoc industrial area (east of the r-o-w). At the point where the r-o-w returns to the north (MP 308.0) S.H. 15 now parallels the corridor approximately 100 to 300 yards to the west. S.H. 15 is a major north/south arterial road and provides a significant amount of traffic volume in and around the City of Pontotoc, Mississippi.

At MP 310.11 the r-o-w exits the northern corporate limits of Pontotoc, Mississippi and returns to agricultural land use. It is at this point, MP 311, the r-o-w enters a significant agricultural area. The land use is comprised of tillable land with soybean and corn crops abutting the r-o-w. This land use continues to MP 314.29. At this point the r-o-w enters the southern limits of the small community of Ecu, Mississippi. Abutting land uses within this area are manufacturing and business. Corridor width within this segment varies from 100 to 250 feet with the track structure located on a level fill. Adjoining topography is generally level with some scattered residential in the area. Selected parcels of the r-o-w have been sold in the past for industrial uses. At MP 314.79 the r-o-w exits the Ecu area and reverts back to agricultural/pasture land areas. Corridor width is 100 feet with the track structure situated on a level to small fill. At MP 316.96 the r-o-w exits Pontotoc County and enters Union County continuing to abut agricultural/tillable land.

At MP 319.02 the corridor enters the southern limits of Ingomar, Mississippi on a 100 foot wide level fill and exits the northern corporate limits at MP 319.32. Adjoining land use is scattered residential with a mixture of small businesses. Exiting the Ingomar area at MP 319.32 the r-o-w reverts back to agricultural/pasture land use and continues in a northern direction with the r-o-w entering Mitchell, Mississippi at MP 320.2. The Mitchell area adjacent to the r-o-w is predominantly a residential neighborhood. Exiting the Mitchell at MP 321.05 (CR 88), the r-o-w enters an wooded open land area with a r-o-w width of 100 feet and the track structure on a level to small fill. Adjoining land topography is a mixture of rolling to level wooded/pasture areas.

At MP 322.72 the r-o-w enters the south corporate limits of the City of New Albany, Mississippi. Corridor width remains at 100 feet but the abutting land use is now adjoins a low wetland area. Track structure is situated on a small to medium fill. The surrounding land area is wooded with significant amounts of Kudzu over growing the trees and shrubs. This segment is zoned A-1, Agricultural by the City of New Albany. At MP 324.0 the land use changes from the low wetland area to pasture area with a zoning classification of I-1, Industrial. Adjacent land is generally level with a r-o-w width of 100 feet. The parcel segment and the subject corridor terminates at MP 324.6 which is located in proximity to the State Highway 78 overhead bridge.

The r-o-w continues north through the City of New Albany, Mississippi and north to Middleton, Tennessee, however this segment of the railroad is not included within the petition for abandonment before the STB and is not a part of this study.

## HIGHEST AND BEST USE

Highest and Best Use is defined as:

*The most profitable likely use to which a property can be put. That use of land, which may reasonably be expected to produce the greatest net return, to land over a period of time. That legal use which will yield to land the highest present value, sometimes called "Optimum Use."*

In estimating Highest and Best Use, there are essentially four stages of analysis.

1. Permissible Uses - what uses are permitted by zoning and deed restrictions?
2. Possible Uses - to what use is it physically possible to put the site?
3. Feasible Uses - which possible and permissible uses will produce any net return to the site?
4. Highest and Best Use - among the feasible uses, which will produce the highest net return or the highest present?

We have been requested by our client to estimate a market value of the property based on disposition of the parcels on a piecemeal basis. This premise is based on Surface Transportation Board (STB) requirements of a Net Liquidation Value scenario. It is noted that the Mississippi Tennessee Railroad has entered into negotiations for the sale/purchase of the subject r-o-w for based on a NLV scenario.

To arrive at the Highest and Best Use conclusion for a property such as the subject r-o-w, one must consider all potential uses. In the valuation of the corridor property, the basic alternatives considered are: (1) continued use of the subject property as a freight railroad and/or a recreational corridor which is both legally permissible and physically possible, or (2) subdivision of the corridor into numerous smaller parcels for sale as non-corridor uses. Under a liquidation scenario, we shall address only alternate number two; market value based on disposal of the corridor on a wholesale basis. Our market value is one of a value-in-exchange premise in which we consider liquidation of the corridor on a piecemeal basis.

The alternate Highest and Best Use description of each parcel is detailed on the individual land parcel pages contained within this report.

## APPRAISAL PROCEDURES

The appraisal process is the orderly program wherein data utilized in estimating the value of the subject property is acquired, classified, analyzed and presented. The first step of the process is the definition of the appraisal problem. This step includes the identification of the real property to be appraised, the effective date of the value estimate, and the type of value to be estimated. The second step is the collection and analysis of data. Relevant factors affecting the value of the subject property include area and neighborhood analyses, site and improvement analyses, and the highest and best use analyses.

The three approaches to value are then considered in estimating the value of the subject property. Essentially, the approaches are based on the Principle of Substitution stating that a reasonable and prudent purchaser will not pay more for a property than the cost of acquiring a substitute property. The three approaches are described below.

The **Cost Approach** entails the estimate of the Market Value of the underlying land, assuming that it is vacant and available for development to its Highest and Best Use. The next step in the approach is the preparation of a replacement or reproduction cost new (RCN) estimate of the improvements. Deductions are made from estimated RCN for losses in value sustained through age, wear, and tear, functionally obsolete features, and external factors affecting the property. The land value is then added to the depreciated cost of the improvements to arrive at a value estimate.

The **Sales Comparison Approach** is based upon the principle that the value of a property tends to be set by a price at which comparable properties have been recently sold or for which they can be acquired. This approach requires a detailed comparison of sales and listings of properties comparable to the subject property. One of the main requisites is the availability of the comparable data sufficient to provide an accurate indication of value.

The **Income Approach** is based upon the theory that the value of property tends to be set by the expected net income to the owner. The approach is, in effect, the capitalization of expected future income into present worth. This approach requires an estimate of net income, an analysis of all expense items, the selection of a capitalization rate and the processing of the net income estimate into an indication of value.

## VALUATION

The sales comparison approach - the most common way of developing a market value estimate for land is based on the principle that a prudent purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute, assuming no costly delay in effecting that substitution. This approach indicates an estimate of value based on prices obtained in market transactions and on asking prices for currently available properties.

The terms of the sale, relative desirability of location, shape, and size, topography, soil conditions, public utility services and street improvements are other considerations. In estimating the value of the parcel, assumed vacant and available for development, the market was researched for sales and current offerings of vacant land in proximity to the subject corridor. The sales were reviewed and adjusted for time of sale, location, and size. In addition the individual parcels were adjusted for fills/cuts and shape.

The subject property has been valued by the Sales Comparison Approach, the most common technique for the valuation of land. An across-the-fence (ATF) methodology has been employed. The ATF value of a corridor is essentially the sum of the value indications for each land use segment of the corridor obtained by applying unit rates reflected by typical land sales in the vicinity of the corridor as of the date of the appraisal. The subject property is divided into various segments based on adjacent uses. After analyzing sales, an appropriate unit rate derived from the data for each use adjacent to the segment is applied. It is noted that the typical adjustments for variances in the ATF comparables are applied by comparison to typical properties rather to the corridor itself. It should be noted that ATF sale comparables do not have to directly adjoin the corridor. This methodology entails an analysis of sales of typical properties in the vicinity of the corridor.

As stated previously, the Mississippi Tennessee Railroad (and Ironhorse Resources, Inc.) supplied valuation railroad maps, the Cities and counties provided street and zoning maps of the subject right-of-way. Using such maps a property inspection was conducted in which the land was divided into various parcels based upon the property's adjoining uses and current zoning. Using the sales comparison approach, unit value indicating the ATF value were assigned to each parcel. The ATF values reflect the market values of typical lands abutting the corridor.

Land sales for various sites of vacant land (as found in the addenda) located adjacent to or within proximity to the subject corridor were utilized. The sales were obtained from a search of local records within the city limits or from information gathered from local appraisers or realtors. All sales were analyzed in order to arrive at a market value for the various portions of the subject right-of-way. The subject right-of-way is comprised of parcels abutting commercial/business, industrial, residential and agricultural zoned properties. Appropriate adjustments were made for time of sale, then for location, size, and access. ATF unit values were then estimated based on an analysis of these similar sales. Based on our judgement and experience in appraising similar properties and our analysis of the intensity of the surrounding and adjoining land uses, we used the following procedures for this appraisal assignment.

## PARCELIZATION PROCESS

We have divided the subject corridor segment into various land parcels. These parcels reflect the abutting land uses, topography, and alternate highest and best use. The primary objective of this technique was to estimate the value of the parcels contained within the corridor. The parcel values estimated as a result of our analysis are individual ATF values which indicate a market value range for each respective parcel under a piecemeal disposition concept. The following procedures were used in this valuation process.

Rights-of-Way within Dedicated Street Crossings - The valuation maps, property maps, and engineering documents indicate property boundaries, railroad parcel sizes, including in some cases those areas occupied by public road crossings. While those road crossing areas were negligible in size to the total property area, we did attempt where possible to exclude such areas from our area estimate. Our value estimate under this NLV scenario assumes good and marketable title for all other where noted on the valuation maps. Otherwise no consideration was given, nor did we check for title defects, easements, or license agreements.

Topography and Grades - The topography and grades vary from level to a small fill or small cut. There are points where the abutting land is at a different grade level from the subject right-of-way. Our approach to these situations is to consider the adjoining land as we find the subject terrain. The majority of the corridor is level to small fill/cuts and as such we have not applied any adjustments to our estimate of ATF land value for the subject's topographical variances.

Access - Access for each parcel was designated as poor, fair, or good, depending upon the proximity to access routes or the nearest arterial street. This rating deals with the parcel's alternate highest and best use rather than the corridor as a whole.

Zoning - Zoning was determined by a review of the records of the various city statutes and applying the appropriate zoning jurisdiction to the individual parcels.

Utilities - In determining the availability of city utilities such as water, sewer, gas, and electricity, we have assumed if utilities were serving the land abutting the corridor, then utilities were available to each parcel.

Date of Sale - An analysis of comparable sales indicate that land values have remained relatively stable over the recent past. We did adjust for sales that were over two years old. Where applicable negative adjustments have been made to asking prices. Properties available for sale tend to sell for prices below those listed due to negotiations between buyers and sellers.

Shape - Adjustments have been made, when deemed appropriate to reflect variances in frontage to depth ratios.

In establishing our value estimates, we gathered numerous vacant land sale and offerings located along and within the general vicinity of the subject corridor. The sales were analyzed in relationship to the right-of-way as parcelized and ATF unit values were assigned. A value range was established and a unit price determined from this range. A table indicating the sales is included with the addenda of this report. The range of value determination is included with the land sale information. Our parcelization of the right-of-way segments and a brief description relative to each parcel's physical location and features is reported in the following section. Each segment of r-o-w is segregated into parcels based on the alternate Highest and Best Use.

In total we segregated the r-o-w into twenty-seven parcels, each having a distinct unit value based on the properties alternate zoned use.

The final step in this valuation process was to estimate the time period, marketing costs, and or sales expenses associated with the disposition of the various parcels. A composite marketing time was estimated for various parcels (industrial, business, residential and agricultural) within each segment and the effect of the marketing costs on the overall segment value.

The following parcel sheets define the area, valuation map number, parcel size, unit value, and total ATF adjusted value of the property.

**Houston to New Albany, Mississippi  
Mississippi Tennessee Railroad  
Rail Corridor  
MP 281.4 to MP 324.6**

**Parcel Value Sheets**

**1 to 27**

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-1 **City:** Houston  
**Location:** MP 281.4 to MP 282.0 **County:** Chickasaw  
**Rail Valuation Map #:** V-5 / S-16  
**Misc. Comments :** Parcel is south of S.H. 8 and located on the west side of the city.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 16.210	<b>Utilities:</b>	Yes
<b>Zoning:</b>	Industrial	<b>Subject R-O-W Width</b>	100' to 300'
<b>Access:</b>	Good	<b>Abutting Use:</b>	Ind/Com
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Ind
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Level		

**Comments:** Parcel width (300') is adequate for most development purposes.  
Former depot on parcel, Church Street intersects with parcel.  
Commercial property at north end of parcel.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>		\$6,500
<b>Total Property Area :</b>	16.21	
<b>Marketable Title Area:</b>	16.21	
<b>Adjustments:</b>		
R-o-w Shape	0%	
Other (Cut/Fill)	0%	
	0%	\$0
<b>Adjusted Unit Value (Per Acre):</b>		\$6,500

**Total Estimated Value Parcel 1:** (Marketable Title x Adjusted Unit Val = \$105,365)

**Comparable Sale #'s** Sales 32,33,34 & 35  
**Used In Value Estimate :** Range: \$4,500 to \$6,750

**Parcel Value Sheets**  
**Houston, MS. to New Albany, MS.**  
**MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-2 **City:** Houston  
**County:** Chickasaw  
**Location:** MP 282.0 to MP 283.8  
  
**Rail Valuation Map #:** V-5 / 16  
  
**Misc. Comments :** Parcel is north of S.H. 8 and located on the west side of the city.  
Pittsboro, Dulaney, Franklin Streets and Industrial Drive intersect with r-o-w.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 20.220	<b>Utilities:</b>	Yes
<b>Zoning:</b>	Industrial	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Good		
<b>Shape:</b>	Rectangular:	<b>Abutting Use:</b>	Ind/Com
<b>Subject Topography:</b>	Level	<b>H&amp;B Use:</b>	Ind
<b>Abutting Topography:</b>	Level	<b>Marketability:</b>	Fair

**Comments:** Parcel abuts industrial uses with some industrial bldgs adjacent to r-o-w.  
Industrial Drive is at north end of parcel limit.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$5,000
<b>Total Property Area :</b>	20.22
<b>Marketable Title Area:</b>	11.19
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	0%
	0%
<b>Adjusted Unit Value (Per Acre):</b>	\$0 \$5,000
<b>Total Estimated Value Parcel 2:</b>	(Marketable Title x Adjusted Unit Value) = <span style="border: 1px solid black; padding: 2px;">\$55,950</span>
<b>Comparable Sale #'s Used In Value Estimate :</b>	Sales 32, 33, 34, & 35 Range: \$4,500 to \$6,750

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-3 City: Chickasaw  
 Location: MP 283.8 to MP 285.03 County: Chickasaw  
 Rail Valuation Map #: V-5 / 16 & 17  
 Misc. Comments : Parcel is north of Industrial Drive, City of Houston, MS.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 17.060	Utilities:	No
Zoning:	Ag.	Subject R-O-W Width	100'
Access:	Poor	Abutting Use:	Ag.
Shape:	Rectangular:	H&B Use:	Open
Subject Topography:	Small Fill	Marketability:	Fair
Abutting Topography:	Rolling		

Comments: Parcel adjacent to wooded/open land areas. Some scattered residential at north end of parcel. Pettigrew Creek intersects with parcel at Station 15021+0

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$1,000
Total Property Area :	17.06	
Marketable Title Area:	6.61	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	-10%	
	-10%	(\$100)
Adjusted Unit Value (Per Acre):		\$900

Total Estimated Value Parcel 3: (Marketable Title x Adjusted Unit Val = \$5,949)

Comparable Sale #'s Used In Value Estimate : Sales 13, 14, 15, 16, 17, 36, 37, 38, 39, & 40  
 Range: \$556 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-4 City: County: Chickasaw  
 Location: MP 285.03 to MP 291.33  
 Rail Valuation Map #: V-5 / 17 & 18  
 Misc. Comments : Big Houlika Creek intersects with parcel. Small community of Thelma at MP 288.3. Parcel terminates at south end of New Houlika, MS.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 74.610	Utilities:	No
Zoning:	Ag.	Subject R-O-W Width	100'
Access:	Poor	Abutting Use:	Ag./ Pasture
Shape:	Rectangular:	H&B Use:	Ag.
Subject Topography:	Level to Small Fill	Marketability:	Fair
Abutting Topography:	Rolling		

Comments: Ag and pasture land to the west, wooded area to the east of r-o-w.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$1,100
Total Property Area :	74.61	
Marketable Title Area:	74.61	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	-5%	
	-5%	(\$55)
Adjusted Unit Value (Per Acre):		\$1,045

**Total Estimated Value Parcel 4:** (Marketable Title x Adjusted Unit Value) = \$77,967

Comparable Sale #'s Used In Value Estimate : Sales 13,14,15,16,17, 36,37,38,39,& 40  
 Range: \$556 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-5 **Village:** New Houlika  
**Location:** MP 291.33 to MP 292.34 **County:** Chickasaw

**Rail Valuation Map #:** V-5 / 18

**Misc. Comments :** New Houlika is approx 1.4 miles west of S.H. 15  
 State Highway 32 (east/west) intersects with property

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 16.800	<b>Utilities:</b>	Yes
<b>Zoning:</b>	Business	<b>Subject R-O-W Width</b>	Varies 100' to 250'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Com/Ind/Bus
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Bus.
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Level		

**Comments:** Parcel is level with a width up to 250'. Parcel is adequate for most rural building development purposes. Some property previously sold off.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$4,000
<b>Total Property Area :</b>	16.80
<b>Marketable Title Area:</b>	16.8
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	0%
	0%
<b>Adjusted Unit Value (Per Acre):</b>	\$0
	\$4,000

**Total Estimated Value Parcel 5:** (Marketable Title x Adjusted Unit Val = \$67,200)

**Comparable Sale #'s Used In Value Estimate :** Sales 26,27,28, 32,33,34, & 35  
 Range: \$2,724 to \$10,000

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-6 **City:**  
**Location:** MP 292.34 to MP 300.86 **County:** Chickasaw and Pontotoc

**Rail Valuation Map #:** V-5 / 18, 19, 20, & 21

**Misc. Comments :** Parcel starts at north end of New Houka area.  
 Parcel enters Pontotoc County at MP 294.32, CR 884 intersects at MP 295.4

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 103.080	<b>Utilities:</b>	No
<b>Zoning:</b>	Ag.	<b>Subject R-O-W Width</b>	100
<b>Access:</b>	Poor	<b>Abutting Use:</b>	Ag./Open
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Ag.
<b>Subject Topography:</b>	Sm Fill.	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Rolling		

**Comments:** Ag and pasture land typically abut r-o-w. Some wooded areas.  
 Small area of Gershorm at MP 295.0

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$1,100
<b>Total Property Area :</b>	103.08
<b>Marketable Title Area:</b>	103.08
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	-10%
	-10%
<b>Adjusted Unit Value (Per Acre):</b>	(\$110) \$990

**Total Estimated Value Parcel 6:** (Marketable Title x Adjusted Unit Value) = \$102,049

**Comparable Sale #'s Used In Value Estimate :** Sales 13,14,15,16,17, 36,37,38,39, & 40  
 Range: \$556 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-7 **Village:** Algoma  
**County:** Pontotoc

**Location:** MP 300.86 to MP 301.52

**Rail Valuation Map #:** V-5 / 21

**Misc. Comments :** Algoma located at MP 301.20. Parcel is approx 1 mile west of S.H. 15  
Parcel intersects with CR 776 (east/west).

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 13.300	<b>Utilities:</b>	Yes
<b>Zoning:</b>	Business	<b>Subject R-O-W Width</b>	100' to 250'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Bus/Comm/Ind
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Bus.
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Level		

**Comments:** Algoma (population 508). Residential on east side of r-o-w, Com/Bus on west side. Parcel of sufficient width for development.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$5,000
<b>Total Property Area :</b>	13.30
<b>Marketable Title Area:</b>	13.3
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	0%
	0%
<b>Adjusted Unit Value (Per Acre):</b>	\$0 \$5,000
<b>Total Estimated Value Parcel 7:</b>	(Marketable Title x Adjusted Unit Val = <span style="border: 1px solid black; padding: 2px;">\$66,500</span> )
<b>Comparable Sale #'s Used In Value Estimate :</b>	Sales 23,26,27,28,32,33,34, & 35 Range: \$2,724 to \$12,942

Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6

**IDENTIFICATION**

Parcel #: P-8 City: Pontotoc  
 Location: MP 301.52 to MP 303.42 County: Pontotoc

Rail Valuation Map #: V-5 / 21

Misc. Comments : Parcel extends north from north limits of Algoma to 3.5 miles south of the City of Pontotoc (approximately).

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 22.980	Utilities:	No
Zoning:	Ag.	Subject R-O-W Width	100'
Access:	Poor	Abutting Use:	Ag./Open
Shape:	Rectangular:	H&B Use:	Open
Subject Topography:	Small Fill	Marketability:	Fair
Abutting Topography:	Rolling		

Comments: Parcel abuts low/open land both sides of r-o-w. Some pasture land, no tillable area.

**LAND VALUATION**

Gross Unit Value, Per Acre: \$800

Total Property Area : 22.98

Marketable Title Area: 22.98

**Adjustments:**

Shape 0%  
 Other (Cut/Fill) -10%

Adjusted Unit Value (Per Acre):	-10%	(\$80)
		\$720

Total Estimated Value Parcel 8: (Marketable Title x Adjusted Unit Val = \$16,546)

Comparable Sale #'s Used In Value Estimate : Sales 13,14,15,16,17,19,20,21,22,30,31  
 Range: \$556 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-9 **City:** Pontotoc  
**Location:** MP 303.42 to MP 305.24 **County:** Pontotoc  
**Rail Valuation Map #:** V-5 / 21 & 22  
**Misc. Comments :** Parcel extends north to south limits of City of Pontotoc, MS.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 28.480	<b>Utilities:</b>	No
<b>Zoning:</b>	Ag.	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Poor	<b>Abutting Use:</b>	Ag./Open
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Open
<b>Subject Topography:</b>	Med to Large Fill	<b>Marketability:</b>	Poor
<b>Abutting Topography:</b>	Rolling		

**Comments:** Parcel abuts timber/open areas each side. Surplus water/reservoir parcel at north end of property, MP 305+/-

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$1,000
<b>Total Property Area :</b>	28.48
<b>Marketable Title Area:</b>	28.48
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	-30%
	-30%
<b>Adjusted Unit Value (Per Acre):</b>	(\$300) \$700

**Total Estimated Value Parcel 9:** (Marketable Title x Adjusted Unit Val = \$19,936)

**Comparable Sale #'s Used In Value Estimate :** Sales 13,14,15,16,17,19,20,21,22,30 & 31  
Range: \$556 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-10 City: Pontotoc  
 County: Pontotoc  
 Location: MP 305.24 to MP 305.95  
 Rail Valuation Map #: V-5 / 22  
 Misc. Comments : Parcel extends northeast from south limits of City of Pontotoc, MS.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 11.980	Utilities:	Yes
Zoning:	C-1, Business District	Subject R-O-W Width	100'
Access:	Good	Abutting Use:	Bus/Res.
Shape:	Rectangular:	H&B Use:	Bus.
Subject Topography:	Medium Fill	Marketability:	Fair
Abutting Topography:	Rolling		

Comments: Parcel accessible from Hwy 15 by-pass.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$40,000
Total Property Area :	11.98	
Marketable Title Area:	11.98	
Adjustments:		
Width	-10%	
Other (Cut/Fill)	-25%	
Curve	-10%	
	<hr/>	
	-45%	(\$18,000)
Adjusted Unit Value (Per Acre):		<hr/> \$22,000

Total Estimated Value Parcel 10: (Marketable Title x Adjusted Unit Val) = \$263,560

Comparable Sale #'s Used In Value Estimate : Sales 2,3,5,7,10,11, & 12  
 Range: \$42,000 to \$118,100

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-11 **City:** Pontotoc  
**Location:** MP 305.95 to MP 306.81 **County:** Pontotoc

**Rail Valuation Map #:** V-5 / 22 & S-22

**Misc. Comments :** Parcel terminates on south side of Coffee Street.  
Parcel intersected by 8th, 5th and 2nd Streets

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 13.520	<b>Utilities:</b>	Yes
<b>Zoning:</b>	R-1, Single Family Dwelling	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair		
<b>Shape:</b>	Rectangular:	<b>Abutting Use:</b>	Residential
<b>Subject Topography:</b>	Medium Fill to Medium Cut	<b>H&amp;B Use:</b>	Open/Rec.
<b>Abutting Topography:</b>	Sloping/Rolling	<b>Marketability:</b>	Fair

**Comments:** Abutting property is wooded/sloped. Residential dwellings with the r-o-w located in cuts and fills.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>		\$30,000
<b>Total Property Area :</b>	13.52	
<b>Marketable Title Area:</b>	13.52	
<b>Adjustments:</b>		
Shape	0%	
Other (Cut/Fill)	-25%	
	-25%	(\$7,500)
<b>Adjusted Unit Value (Per Acre):</b>		\$22,500

**Total Estimated Value Parcel 11:** (Marketable Title x Adjusted Unit Value) = \$304,200

**Comparable Sale #'s Used In Value Estimate :** Sales 2,5,7,11,12,23, & 25  
Range: \$12,941 to \$98,287

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-12 **City:** Pontotoc  
**Location:** MP 306.81 to MP 307.08 **County:** Pontotoc

**Rail Valuation Map #:** V-5 / S-22

**Misc. Comments :** Parcel begins on north side of Coffee Street and extends to Reynolds Street. Railroad Ave adjacent to r-o-w on east side. Industry use on west side.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 2.790	<b>Utilities:</b>	Yes
<b>Zoning:</b>	C-2 & I -1, Com and Light Industrial	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Good		
<b>Shape:</b>	Rectangular:	<b>Abutting Use:</b>	Com/Ind.
<b>Subject Topography:</b>	Level	<b>H&amp;B Use:</b>	Ind.
<b>Abutting Topography:</b>	Level	<b>Marketability:</b>	Good

**Comments:**

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>		\$40,000
<b>Total Property Area :</b>	2.79	
<b>Marketable Title Area:</b>	2.79	
<b>Adjustments:</b>		
Width	-10%	
Other (Cut/Fill)	0%	
Curve	-10%	
	<hr/>	
	-20%	(\$8,000)
<b>Adjusted Unit Value (Per Acre):</b>		<hr/> \$32,000

**Total Estimated Value Parcel 12:** (Marketable Title x Adjusted Unit Val) = \$89,280

**Comparable Sale #'s Used In Value Estimate :** Sales 1,2,5,6,7,10,11, & 12  
Range: \$25,326 to \$98,287

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-13 **City:** Pontotoc  
**Location:** MP 307.08 to MP 307.25 **County:** Pontotoc

**Rail Valuation Map #:** V-5 / S-22

**Misc. Comments :** Parcel begins on north side of Reynolds Street and extends northwest.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 1.610	<b>Utilities:</b>	Yes
<b>Zoning:</b>	I-1, Light Industrial	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Com/Ind.
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Ind.
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	Good
<b>Abutting Topography:</b>	Level		

**Comments:** Industrial use on west side, residential use east side of r-o-w  
 East side slopes down to r-o-w.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$30,000
<b>Total Property Area :</b>	1.61
<b>Marketable Title Area:</b>	1.61
<b>Adjustments:</b>	
Width	-10%
Other (Cut/Fill)	0%
	-10%
<b>Adjusted Unit Value (Per Acre):</b>	(\$3,000) \$27,000

**Total Estimated Value Parcel 13:** (Marketable Title x Adjusted Unit Value) = \$43,470

**Comparable Sale #'s** Sales 1,2,5,6,11,12, & 13  
**Used In Value Estimate :** Range: \$21,561 to \$51,887

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-14  
 Location: MP 307.25 to MP 307.43  
 City: Pontotoc  
 County: Pontotoc

Rail Valuation Map #: V-5 / S-22 & 22

Misc. Comments : Parcel intersected by Montgomery Street. Columbia Street at north end.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 2.710	Utilities:	Yes
Zoning:	R -1, Single Family Dwelling	Subject R-O-W Width	100'
Access:	Fair		
Shape:	Rectangular:	Abutting Use:	Residential
Subject Topography:	Small to Medium Fill	H&B Use:	Open
Abutting Topography:	Slope	Marketability:	Poor

Comments: Wooded area abuts each side of parcel  
 R-o-w slopes down to ground level of adjoining property

**LAND VALUATION**

Gross Unit Value, Per Acre: \$30,000

Total Property Area : 2.71

Marketable Title Area: 2.71

**Adjustments:**

Shape	0%
Other (Cut/Fill)	-25%

Adjusted Unit Value (Per Acre):

-25%	(\$7,500)
<hr/>	<hr/>
	\$22,500

**Total Estimated Value Parcel 14:**

(Marketable Title x Adjusted Unit Value) = \$60,975

Comparable Sale #'s  
 Used In Value Estimate :

Sales 2,5,7,11,12,23,&25  
 Range: \$12,941 to \$98,287

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-15 City: Pontotoc  
County: Pontotoc  
Location: MP 307.43 to MP 307.73  
Rail Valuation Map #: V-5 / 22  
Misc. Comments : Oxford Street (S.H. 6) proceeds under parcel at MP 307.5+/-  
Corridor crosses Oxford via overhead RR bridge.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 3.630	Utilities:	Yes
Zoning:	C -1, Business District	Subject R-O-W Width	100'
Access:	Fair	Abutting Use:	Com
Shape:	Rectangular:	H&B Use:	Com
Subject Topography:	Medium Fill	Marketability:	Fair
Abutting Topography:	Level		

Comments: Commercial properties located on west side of r-o-w.  
Small Business, Fast Food etc.. Industrial use at north end of parcel.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$40,000
Total Property Area :	3.63	
Marketable Title Area:	3.63	
Adjustments:		
Width	-10%	
Other (Cut/Fill)	-25%	
	<hr/>	
	-35%	
Adjusted Unit Value (Per Acre):		<hr/> (\$14,000) \$26,000

Total Estimated Value Parcel 15: (Marketable Title x Adjusted Unit Value) = \$94,380

Comparable Sale #'s Used In Value Estimate : Sales 2,3,5,7,10,11, & 12  
Range: \$42,000 to \$118,110

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-16 City: Pontotoc  
County: Pontotoc  
Location: MP 307.73 to MP 308.66

Rail Valuation Map #: V-5 / 22 & 23

Misc. Comments : Stafford Blvd at north end of parcel  
Former rail spur line on east side of parcel.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 4.360	Utilities:	Yes
Zoning:	I-2, Heavy Industrial	Subject R-O-W Width	100'
Access:	Good		
Shape:	Rectangular:	Abutting Use:	Ind/Com
Subject Topography:	Level	H&B Use:	Ind
Abutting Topography:	Level	Marketability:	Fair

Comments: Commercial properties located on west side of r-o-w.  
Industrial area east side of parcel. Industrial Circle Drive intersects with parcel.

**LAND VALUATION**

Gross Unit Value, Per Acre: \$25,000

Total Property Area : 4.36

Marketable Title Area: 4.36

**Adjustments:**

Shape	-10%
Other (Cut/Fill)	0%

Adjusted Unit Value (Per Acre):

-10%	(\$2,500)
<hr/>	<hr/>
	\$22,500

**Total Estimated Value Parcel 16:**

(Marketable Title x Adjusted Unit Value) = \$98,100

Comparable Sale #'s  
Used In Value Estimate :

Sales 1,2,5,6,11,12, & 13  
Range: \$21,561 to \$51,887

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-17 **City:** Pontotoc  
**County:** Pontotoc  
**Location:** MP 308.66 to MP 309.22  
**Rail Valuation Map #:** V-5 / 23  
**Misc. Comments :** Stafford Blvd at south end of parcel, SH 15 1/4 mile to the west.  
R-o-w acts as eastern border of city zoning limits

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 6.680	<b>Utilities:</b>	Yes
<b>Zoning:</b>	C-1, Business District	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Ind/Com
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Com.
<b>Subject Topography:</b>	Sm Fill to level	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Level		

**Comments:** Commercial properties between west side of r-o-w and SH 15.  
Surrounding area is a mix of commercial, light, & heavy industrial zoning

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$45,000
<b>Total Property Area :</b>	6.68
<b>Marketable Title Area:</b>	6.68
<b>Adjustments:</b>	
Shape	-10%
Other (Cut/Fill)	-5%
	-15%
<b>Adjusted Unit Value (Per Acre):</b>	(\$6,750) \$38,250

**Total Estimated Value Parcel 17:** (Marketable Title x Adjusted Unit Value) = \$255,510

**Comparable Sale #'s** Sales 2,5,7,9,10,11,12, & 13  
**Used In Value Estimate :** Range: \$21,561 to \$98,287

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-18 **City:** Pontotoc  
**County:** Pontotoc  
**Location:** MP 309.22 to MP 310.11  
**Rail Valuation Map #:** V-5 / 23  
**Misc. Comments :** Parcel extends to the northern city limit border.  
 S.H. 15 located 1/4 mile west of r-o-w.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 14.020	<b>Utilities:</b>	Partial
<b>Zoning:</b>	I-2, Industrial	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Industrial
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Ind
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	Fair
<b>Abutting Topography:</b>	Level		

**Comments:** Industrial property located on west side of r-o-w.  
 Surrounding area is a mix of light & heavy industrial zoning

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$25,000
<b>Total Property Area :</b>	14.02
<b>Marketable Title Area:</b>	14.02
<b>Adjustments:</b>	
Shape	-10%
Other (Cut/Fill)	-10%
	-20%
<b>Adjusted Unit Value (Per Acre):</b>	(\$5,000) \$20,000

**Total Estimated Value Parcel 18:** (Marketable Title x Adjusted Unit Val = \$280,400)

**Comparable Sale #'s** Sales 1,2,5,6,11,12,&13  
**Used In Value Estimate :** Range: \$21,561 to \$51,887

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-19 City: Pontotoc  
 Location: MP 310.11 to MP 314.29 County: Pontotoc  
 Rail Valuation Map #: V-5 / 23 & 24  
 Misc. Comments : Parcel extends north from the Pontotoc northern city limit border to southern border of Ecu.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 50.550	Utilities:	No
Zoning:	Agr.	Subject R-O-W Width	100'
Access:	Fair	Abutting Use:	Agr./Tillable
Shape:	Rectangular:	H&B Use:	Agr.
Subject Topography:	Sm Fill to level	Marketability:	Good
Abutting Topography:	Level		

Comments: Soybean and corn crops adjacent to parcel.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$1,500
Total Property Area :	50.55	
Marketable Title Area:	50.55	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	0%	
	0%	\$0
Adjusted Unit Value (Per Acre):		\$1,500

Total Estimated Value Parcel 19: (Marketable Title x Adjusted Unit Value) = \$75,825

Comparable Sale #'s Used In Value Estimate : Sales 16,17,18,24,30 & 31  
Range: \$1,000 to \$1,595

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-20  
 Location: MP 314.29 to MP 314.79  
 Village: Ecu  
 County: Pontotoc  
 Rail Valuation Map #: V-5 / 24  
 Misc. Comments : CR 345 intersects with north end of property.  
 Portion of parcel sold (QCD) to New Creations in 1978

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 9.650	Utilities:	Partial
Zoning:	Bus.	Subject R-O-W Width	100' to 250'
Access:	Fair	Abutting Use:	Bus/Res.
Shape:	Rectangular:	H&B Use:	Bus/Com
Subject Topography:	level	Marketability:	fair
Abutting Topography:	Level		

Comments: Com/Bus area to the west of parcel, scattered woods and residential to the east.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$3,000
Total Property Area :	9.65	
Marketable Title Area:	9.65	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	0%	
	0%	\$0
Adjusted Unit Value (Per Acre):		\$3,000

Total Estimated Value Parcel 20: (Marketable Title x Adjusted Unit Val = \$28,950)

Comparable Sale #'s Used In Value Estimate : Sales 23, 27 & 28  
 Range: \$2,724 to \$12,941

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-21 City: Pontotoc and Union  
 Location: MP 314.79 to MP 319.01 County:  
 Rail Valuation Map #: V-5 / 24 & 25  
 Misc. Comments : Parcel enters Union County at MP 316.96  
 Parcel terminates at southern edge of community of Ingomar.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 51.540	Utilities:	No
Zoning:	Agr.	Subject R-O-W Width	100'
Access:	Fair	Abutting Use:	Agr/pasture
Shape:	Rectangular:	H&B Use:	Agr.
Subject Topography:	Level	Marketability:	fair
Abutting Topography:	Level		

Comments: Pasture and open land with some scattered residential properties.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$1,000
Total Property Area :	51.54	
Marketable Title Area:	51.54	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	0%	
	0%	\$0
Adjusted Unit Value (Per Acre):		\$1,000
Total Estimated Value Parcel 21:	(Marketable Title x Adjusted Unit Value) =	\$51,540
Comparable Sale #'s Used In Value Estimate :	Sales 16,17,18,19,20,21 & 22 Range: \$668 to \$1,575	

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-22 **Village:** Ingomar  
**Location:** MP 319.01 to MP 319.32 **County:** Union  
**Rail Valuation Map #:** V-5 / 25  
**Misc. Comments :** Ingomar at MP 319.06. Access by CR 110  
 S.H. 15 located 1 1/4 mile to the east.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 3.620	<b>Utilities:</b>	Partial
<b>Zoning:</b>	Agr.	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair		
<b>Shape:</b>	Rectangular:	<b>Abutting Use:</b>	Agr/pasture
<b>Subject Topography:</b>	Level	<b>H&amp;B Use:</b>	Agr.
<b>Abutting Topography:</b>	Level	<b>Marketability:</b>	fair

**Comments:** Pasture land with scattered residential properties.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>		\$3,000			
<b>Total Property Area :</b>	3.62				
<b>Marketable Title Area:</b>	3.62				
<b>Adjustments:</b>					
Shape	0%				
Other (Cut/Fill)	0%				
	0%				
<b>Adjusted Unit Value (Per Acre):</b>		<table border="0"> <tr> <td>\$0</td> </tr> <tr> <td><hr/></td> </tr> <tr> <td>\$3,000</td> </tr> </table>	\$0	<hr/>	\$3,000
\$0					
<hr/>					
\$3,000					

**Total Estimated Value Parcel 22:** (Marketable Title x Adjusted Unit Val) = \$10,860

**Comparable Sale #'s Used In Value Estimate :** Sales 23, 27, & 28  
 Range: \$2,724 to \$12,941



**Parcel Value Sheets**  
**Houston, MS. to New Albany, MS.**  
**MP 281.4 to MP 324.6**

**IDENTIFICATION**

**Parcel #:** P-24 **Village:** Mitchell  
**Location:** MP 319.32 to MP 320.2 **County:** Union

**Rail Valuation Map #:** V-5 / 26

**Misc. Comments :** Access to parcel by CR 90 & CR 88  
S.H. 15 located 1 1/4 mile to the east.

**PHYSICAL CHARACTERISTICS**

<b>Estimated Total Area:</b>	(Acres) 10.120	<b>Utilities:</b>	Partial
<b>Zoning:</b>	Agr.	<b>Subject R-O-W Width</b>	100'
<b>Access:</b>	Fair	<b>Abutting Use:</b>	Agr/pasture
<b>Shape:</b>	Rectangular:	<b>H&amp;B Use:</b>	Agr.
<b>Subject Topography:</b>	Level	<b>Marketability:</b>	fair
<b>Abutting Topography:</b>	Level		

**Comments:** Open land area with scattered residential properties.

**LAND VALUATION**

<b>Gross Unit Value, Per Acre:</b>	\$2,500
<b>Total Property Area :</b>	10.12
<b>Marketable Title Area:</b>	10.12
<b>Adjustments:</b>	
Shape	0%
Other (Cut/Fill)	0%
	0%
<b>Adjusted Unit Value (Per Acre):</b>	\$0
	\$2,500

**Total Estimated Value Parcel 24:** (Marketable Title x Adjusted Unit Value) = \$25,300

**Comparable Sale #'s Used In Value Estimate :** Sales 16,17,18,21,22,27 & 28  
Range: \$1,050 to \$3,000

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-25 City: Union  
 Location: MP 321.05 to MP 322.72 County: Union  
 Rail Valuation Map #: V-5 / 26  
 Misc. Comments : Access to parcel by CR 89 & CR 88  
 S.H. 15 located 1 1/2 mile to the east.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 20.240	Utilities:	No
Zoning:	Agr.	Subject R-O-W Width	100'
Access:	Fair	Abutting Use:	Agr/Open
Shape:	Rectangular:	H&B Use:	Agr.
Subject Topography:	Sm Fill	Marketability:	fair
Abutting Topography:	Rolling		

Comments: Wooded areas abut r-o-w.  
 Parcel terminates at southern city limits of New Albany, MS.

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$900
Total Property Area :	20.24	
Marketable Title Area:	20.24	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	-10%	
	-10%	(\$90)
Adjusted Unit Value (Per Acre):		\$810

Total Estimated Value Parcel 25: (Marketable Title x Adjusted Unit Value) = \$16,394

Comparable Sale #'s Used In Value Estimate : Sales 16,17,18,19, 20,21, & 22  
 Range: \$668 to \$1,575

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-26  
 Location: MP 322.72 to MP 324.0  
 City: New Albany  
 County: Union  
 Rail Valuation Map #: V-5 / 26  
 Misc. Comments : Access to parcel by CR 89 & CR 88  
 S.H. 15 located 1 1/2 mile to the east.

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 15.510	Utilities:	No
Zoning:	Agr.	Subject R-O-W Width	100'
Access:	Poor	Abutting Use:	Agr/Open
Shape:	Rectangular:	H&B Use:	Agr.
Subject Topography:	Sm Fill	Marketability:	Poor
Abutting Topography:	Rolling/low land areas		

Comments: Parcel is within city limits of New Albany, scattered residential in area.  
 Swamp/low land area adjacent to parcel

**LAND VALUATION**

Gross Unit Value, Per Acre:		\$800
Total Property Area :	15.51	
Marketable Title Area:	15.51	
Adjustments:		
Shape	0%	
Other (Cut/Fill)	-10%	
	-10%	(\$80)
Adjusted Unit Value (Per Acre):		\$720

Total Estimated Value Parcel 26: (Marketable Title x Adjusted Unit Val = \$11,167)

Comparable Sale #'s : Sales 19,20,13,14,15  
 Used In Value Estimate : Range: \$611 to \$924

**Parcel Value Sheets  
Houston, MS. to New Albany, MS.  
MP 281.4 to MP 324.6**

**IDENTIFICATION**

Parcel #: P-27 City: New Albany  
 Location: MP 324.0 to MP 324.6 County: Union

Rail Valuation Map #: V-5 / 26 & 27

Misc. Comments : Parcel terminates at S.H. 78 Overpass in New Albany

**PHYSICAL CHARACTERISTICS**

Estimated Total Area:	(Acres) 7.270	Utilities:	Partial
Zoning:	I-1, Industrial	Subject R-O-W Width	100'
Access:	Fair	Abutting Use:	Ind/Ag./Com
Shape:	Rectangular:	H&B Use:	Agr.
Subject Topography:	Sm Fill	Marketability:	Fair
Abutting Topography:	Rolling/Wooded		

Comments: Parcel is adjacent to agricultural land, residential and commercial property. Parcel extends south from S.H. 78 overpass.

**LAND VALUATION**

Gross Unit Value, Per Acre: \$15,000

Total Property Area : 7.27

Marketable Title Area: 7.27

Adjustments:

Shape	0%
Other (Cut/Fill)	-10%

	-10%	(\$1,500)
Adjusted Unit Value (Per Acre):		\$13,500

Total Estimated Value Parcel 27: (Marketable Title x Adjusted Unit Valu = \$98,145

Comparable Sale #'s Sales 1,6, 32,33,34, & 35  
 Used In Value Estimate : Range: \$4,500 to \$51,000

**Summary of Adjusted ATF Parcel Values  
Houston to New Albany, MS.  
MP 281.4 to MP 324.6**

KY & Associate Parcel	Zoning	Parcel Area (Acres)	Approximate Parcel Location	Estimated Parcel ATF Value
Parcel - 1	Ind.	16.21	MP 281.4 to MP 282.0	\$105,365
Parcel - 2	Ind.	11.19	MP 282.0 to MP 283.8	\$55,950
Parcel - 3	Agr.	6.61	MP 283.8 to MP 285.03	\$5,949
Parcel - 4	Agr.	74.61	MP 285.03 to MP 291.33	\$77,967
Parcel - 5	Bus.	16.80	MP 291.33 to MP 292.34	\$67,200
Parcel - 6	Agr.	103.08	MP 292.34 to MP 300.86	\$102,049
Parcel - 7	Bus.	13.30	MP 300.86 to MP 301.52	\$66,500
Parcel - 8	Agr.	22.98	MP 301.52 to MP 303.42	\$16,546
Parcel - 9	Agr.	28.48	MP 303.42 to MP 305.24	\$19,936
Parcel - 10	Com.	11.98	MP 305.24 to MP 305.95	\$263,560
Parcel - 11	Res.	13.52	MP 309.95 to MP 306.81	\$304,200
Parcel - 12	Com.	2.79	MP 306.81 to MP 307.08	\$89,280
Parcel - 13	Ind.	1.61	MP 307.08 to MP 307.25	\$43,470
Parcel - 14	Res.	2.71	MP 307.25 to MP 307.43	\$60,975
Parcel - 15	Com.	3.63	MP 307.43 to MP 307.73	\$94,380
Parcel - 16	Ind.	4.36	MP 307.73 to MP 308.66	\$98,100
Parcel - 17	Com.	6.68	MP 308.66 to MP 309.22	\$255,510
Parcel - 18	Ind.	14.02	MP 309.22 to MP 310.11	\$280,400
Parcel - 19	Agr.	50.55	MP 310.11 to MP 314.29	\$75,825
Parcel - 20	Bus.	9.65	MP 314.29 to MP 314.79	\$28,950
Parcel - 21	Agr.	51.54	MP 314.79 to MP 319.01	\$51,540
Parcel - 22	Agr.	3.62	MP 319.01 to MP 319.32	\$10,860
Parcel - 23	Agr.	10.57	MP 319.32 to MP 320.2	\$10,570
Parcel - 24	Agr.	10.12	MP 320.2 to MP 321.05	\$25,300
Parcel - 25	Agr.	20.24	MP 321.05 to MP 322.72	\$16,394

KY & Associate Parcel	Zoning	Parcel Area (Acres)	Approximate Parcel Location	Estimated Parcel ATF Value
Parcel - 26	Agr.	15.51	MP 322.72 to MP 324.0	\$11,167
Parcel - 27	Ind.	7.27	MP 324.0 to MP 324.6	<u>\$98,145</u>
<b>Totals</b>		<b>553.13</b>		<b>\$2,336,088</b>

**Rounded to:           \$2,300,000**

### Conclusion of Aggregate ATF Value

We have estimated the ATF values of the land parcels associated with the subject segment of right-of-way. The final step in the valuation process is to estimate a reasonable marketing time, the cost of such sales and the effect of such on the estimated Market Value of the parcels. We have estimated marketing periods for the sale of the various parcels by classifying land use (zoning) into five categories; 1) industrial, 2) commercial, 3) residential, 4) agricultural, and 5) rural business. The industrial/commercial properties were assigned a 2 year sell-off period, the residential properties were assigned a 3 year sell-off period with the majority of the agricultural properties assigned a 4 year sell off period and the rural business properties assigned a 2 year sell-off period.

The composite marketing period for Houston to New Albany r-o-w was estimated to be 3.47 years. The largest influence was the overall amount of agricultural land compared to remaining types of property. Agricultural land accounted for 72% of the total land area, given the turnover of agricultural land we estimated a four year period for such agricultural property. This type of property had a significant effect on the overall sell-off period. The 3.47 year period was rounded to 3 years for our purpose.

The estimated adjusted ATF value for all of the parcels in the Houston to New Albany corridor equals \$2,336,088; rounded to \$2,300,000.

We have assumed that the subject properties would sell over a composite three year time period with relatively constant sales each year. Based on area trends and discussions with past history of Ironhorse Resources personnel as well as real estate professionals we have further assumed that the overall value of the property would remain constant over this sales period. Annual sales expenses are estimated at a range of (1.5% to 5%) of Market Value, we used 3%. The net annual cash flows have been discounted at a rate of 12% which in our opinion, adequately reflects the risk inherent in ownership and disposal of the subject properties. Such risks include the relatively remote location of r-o-w's, the mix of land parcels, and the relatively limited market participants.

Having estimated a base ATF value of \$2,300,000 we will assume equal distribution of the parcel sales over a three year time period (\$766,667) with our estimate of cash flows as follows:

Sales Price	Sales Exp (3%)	Net Flow	P.V. Factor (12%)	Total
\$766,667	\$23,600	\$743,667	.8929	\$664,020
\$766,667	\$23,600	\$743,667	.7972	\$592,851
\$766,667	\$23,600	\$743,667	.7118	\$529,342
				\$1,786,213

**Rounded: \$ 1,800,000**

## CONCLUSION

Based on the preceding data and subsequent analyses, it is our opinion that the Market Value of the subject right-of-way parcel (Based on Net Liquidation Value Scenario) as of August 25, 2004 is reasonably represented as follows:

Houston to New Albany, Mississippi

(MP 281.6 to MP 324.6 )

\$1,800,000

One Million Eight Hundred Thousand Dollars

## CERTIFICATION

We certify that to the best of our knowledge and belief that:

The statements of facts contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report, nor any personal interest with respect to the parties involved.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

Our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

Kenneth Young made a personal inspection of the property that is the subject of this report.

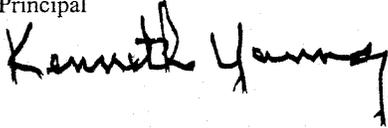
No one provided significant professional assistance to the persons signing this report.

We certify that to the best of our knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Uniform Standards of Professional Practice of the Appraisal Institute.

Kenneth Young is currently a member of the International Right-of-Way Association, American Railway Development Association and the American Railway Engineering and Maintenance-of-Way Association.

This appraisal is subject to review by representatives of the Appraisal Institute and its duly authorized representatives.

Kenneth Young  
Principal



## STATEMENT OF LIMITING CONDITIONS

Canon 5 of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute requires the appraisers to "clearly and unequivocally set forth all facts, assumptions, and conditions upon which the appraisal is based," In compliance therewith, and to assist the reader in interpreting this report, said limiting conditions are set forth below.

All estimates of value are presented as our considered opinion based on the facts and data appearing in our report. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.

No legal responsibility is assumed neither for the legal description, size of parcels, nor for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated. The legal description as put forth by the railroad is assumed to be valid.

Dimensions and descriptions are based on information furnished to us by others and are not meant to be used as references in matters of survey. All drawings and maps furnished to us are assumed to be correct.

We assume that there are no hidden nor unexpected conditions of the property, subsoil or existing structures that would adversely affect value and assume no responsibility either for such conditions or for arranging engineering studies that may be required to discover them.

Neither all nor parts of the contents of this appraisal report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of Kenneth Young & Associates.

Possession of this report, or a copy thereof does not carry with it the right of publication. The report or information contained therein may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of Kenneth Young & Associates and in any event with the properly written qualifications and only in its entirety.

Documentation of the valuation premises and procedures utilized has been prepared in a manner to fully support our conclusions and will be retained in our files. However, any required testimony or appearance in court is outside the initial scope of our engagement but will be provided at our then prevailing per diem.

We were not engaged to nor have we conducted any borings, soil tests, or any other procedures to test toxicity on contamination of the subject corridor. Any values concluded in this report anticipate that the property is free of such detriments.

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property was not observed by the appraiser. The appraiser has no specific knowledge of the existence of such materials on or in the subject corridor. The appraiser is not qualified to detect such substances. The value estimate is predicted on the assumption that there is no such property on or in the corridor that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

It is assumed that the utilization of the land is within the boundaries or property lines of the subject and that there is no encroachment or trespass unless otherwise noted in this report.

No fractional part of this appraisal is to be used in conjunction with another appraisal. Such use renders the report and the contents invalid. The corridor is valued as a whole, no parcel may be taken out of context.

This report is to be used in its entirety and only for the purpose for which it is rendered.

The property is appraised free and clear of any encumbrances unless otherwise stated.

The valuation of the interests assumes that the subject property will most probably sell on an all cash basis.

Unless otherwise stated, the value appearing in this appraisal represents our opinion of Market Value defined as of the date specified. Values of real estate are affected by national and local economic conditions and consequently will vary with future changes in conditions. No responsibility is assumed for economic or physical changes occurring after the date of the appraisal.

Liability of Kenneth Young & Associates and employees is limited to the fee collected for this appraisal. There is neither accountability nor liability to any third party.

The contract for appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser or those assisting in the preparation of the report will not be asked nor required to give testimony in court or hearing because of having made the appraisal in full or in part; nor engage in post appraisal consultation with the client or third parties, except under separate and special arrangement and at additional fee. No testimony will be given unless the appraisal fee has been paid.

No environmental or impact study, special market studies, or analyses, highest and best use study, nor feasibility study, has been requested or made unless otherwise specified in an agreement for services in the report. The appraiser reserves the right to alter, amend, revise, or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent such study or analysis or previous study becoming known to him.



Exhibit A  
Vacant Land Sales

Land Sales  
Mississippi Tennessee Holdings LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
<b>Pontotoc County</b>						
<b>Industrial/Commercial Sales</b>						
1	BHF to Mathis Book 767, Page 676 City of Pontotoc, MS. Highway 15 across from 84 Lumber Open Land, Zoned I-2 275 front feet - Highway 15	04/21/00	\$120,000	2.34	\$1.18	\$51,282
2	Crew/Austin to Boone Book 812, Page 778 City of Pontotoc, MS., Zoned C-1 1.46 acres behind Kirk's Restaurant with 1.64 acres with Highway 15 frontage	02/22/02	\$140,000	3.00	\$1.07	\$46,667
3	Holmes and Gates to C.E. Fletcher Book 744, Page 29-32 City of Pontotoc, MS. Intersection of Highway 15 and Turnpike Road Highway 15 Front Feet: 232' (\$896.76 per Front Foot)	07/07/99	\$187,500	1.27	\$3.39	\$147,638
4	Hamblin and Sayle Oil Company Book 729, Page 523 City of Pontotoc, MS. Intersection of Highway 15 and Highway 6 Highway 15 Front Feet: 268' (\$1052.24 per Front Foot)	03/25/99	\$285,000	0.94	\$6.89	\$303,191
5	Bevil Bacus to Peoples Bank & Trust Co. Book 817, Page 608 City of Pontotoc, MS. Intersection of Hwy 15 next to Post Office Vacant Land , Zoned C-1 Frontage on Hwy 15: 275.93' (\$906.03 per Front Foot)	03/22/02	\$250,000	5.29	\$1.08	\$47,259
6	Mike Brazil to Allen Smith Book 796, Page 914 City of Pontotoc, MS. Maggie Drive off Highway 15 Vacant Land , Zoned I-2 Frontage on Maggie Drive = 223.71'	08/13/01	\$49,500	2.15	\$0.53	\$23,023

Land Sales  
Mississippi Tennessee Holdings LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
7	Crew/Austin to Finney (Kirks Restaurant) Location: City of Pontotoc, MS. Hwy 15 North across from Industrial Dr. Vacant Land , Zoned C-1 Frontage on Hwy 15 = 222.85' (\$906.03 per Front Foot)	09/01/99	\$8,400,000	94.00	\$2.05	\$89,352
8	W.W. Holmes to C.E. Fletcher Book 744, Page 11-34 City of Pontotoc, MS. Intersection of Highway 15 & Turnpike Rd. Vacant Land , no improvements (Presently now a Burger King) Frontage on Hwy 15 = 232.41' (\$494.82 per Front Foot)	07/08/99	\$115,000	0.50	\$5.28	\$230,000
9	Edward Bush to Callicut and Strickland Partners (Cousins Oil Co.) Book 792, Page 439 City of Pontotoc, MS., Zoned C-1 Hwy 15 at SR 76, Southwest Corner 2 story residential structure - moved	05/14/01	\$250,000	2.90	\$1.98	\$86,207
10	Thomas Gay to Roger Brown Book 767, Page 916 City of Pontotoc, MS. Highway 15 North & SR 273 Vacant Land , Zoned C-1 Frontage on Hwy 15 = 75.45' (\$397.61 per Front Foot)	05/18/00	\$30,000	0.44	\$1.58	\$68,966
11	Coleman to Ward Book 753, Page 119 City of Pontotoc, MS., Zoned C-1 Joins Huddle House to the South Frontage on Hwy 15 = 279.83' (\$739.73 per Front Foot)	10/14/99	\$207,000	4.80	\$0.99	\$43,125
12	Bevill to U.S. Postal Service Book 656, Page 173 City of Pontotoc, MS. 305 Highway 15 North Frontage on Hwy 15 = 282.62' (\$973.04 per Front Foot)	11/12/96	\$275,000	5.83	\$1.08	\$47,170

Land Sales  
Mississippi Tennessee Holdings, LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
13	D.L. Ward to Callicut and Strickland Partners (Cousins Oil Company) Book 796, Page 417 City of Pontotoc, MS. Hwy 15 at 76 Southwest Corner Zoned C-1	07/03/01	\$100,000	4.87	\$0.47	\$20,534
<b>Pontotoc County Agricultural Sales</b>						
13	McCain to Gregory Instrument # 20041062 Rolling/Cutover Land S-22 & 27, T-11, R-03	02/27/04	\$121,458	202.43		\$600
14	Wade to Gregory DB 845/772 Rolling/Hilly S-22, T-11, R-03	05/27/03	\$68,000	99.38		\$684
15	Abernathy to Crouch Instrument # 20036962 Rolling/Cutover Land S-23, T-11, R-03	12/26/03	\$101,171	190.89		\$530
16	Seller - Hobson Rolling/Cutover Land Wallfield Road S-07, T-11, R-03	07/2001	\$30,000	20.00		\$1,500
17	Foster/Bridgeman, Inc. to Marshall Box Rolling S-07, T-11, R-03	02/06/04	\$25,000	22.87		\$1,093
18	Hale to Arter Instrument # 20035878 Mostly level in cultivation S-32, T-08, R-03	10/28/03	\$76,500	50.98		\$1,501
19	Tutor Estate to Simmons Instrument # 20035878 Rolling cutover & reforested pine. S-32, T-08, R-03	05/19/04	\$70,000	110.00		\$636
20	Barefield to Bowen Instrument # 20030401 Rolling - Agricultural & Timberland S-22 & 27, T-10, R-01	01/23/03	\$196,000	245.00		\$800

Land Sales  
Mississippi Tennessee Holdings LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
21	Buyer - Gringerich Instrument # 20030401 Rolling - w/ pines 8-10 years old S-26 & 27, T-10, R-01	10/21/03	\$115,000	102.00		\$1,127
22	Buyer - Garrison Instrument # 20012385 Rolling Spikes Road, Randolph S-28, T-10, R-01	04/2001	\$38,000	38.00		\$1,000
23	Hester to M&H Properties Instrument # 20040408 Level / Commercial S-31, T-09, R-03	01/22/03	\$11,000	0.85		\$12,941
24	Peeples to Habitat for Humanity Instrument # 20040408 Rolling S-34, T-09, R-03	10/10/03	\$33,000	20.69		\$1,595
25	Pontotoc Ridge Developers to Daniel & Alisha Galloway Top of Spring Hill adjoining Forest Field Residential site	10/25/02	\$15,000	0.45		\$33,333
26	Ray Starck to Rick Simmons Instrument # 20022739 Rolling - near Northridge S-28, T-09, R-03	05/21/02	\$70,000	7.00		\$10,000
27	Higginbottom to Pontotoc Baptist Association Level vacant land Old Hwy 15 in Ecu, MS. S-19,+/-, T-08, R-03	08/02/02	\$24,000	8.00		\$3,000
28	James Jones to Ronnie Wortham Old Farm House on property no value Ecu, MS. S-30,+/-, T-08, R-03	04/24/02	\$7,600	2.79		\$2,724
29	Anderson Estate to Harmon Level vacant land Rolling/Cutover S-1, T-11, R-03	07/26/04	\$63,000	67.00		\$940

Land Sales  
Mississippi Tennessee Holdings, LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
30	Royce to Parker Rolling Instrument #: 20032410 S-12, T-11, R-03	05/06/03	\$40,000	40.00		\$1,000
31	Royce to Parker Rolling Instrument #: 20034589 S-12, T-11, R-03	05/06/03	\$76,000	75.59		\$1,000
<b>Chickasaw County Industrial Sales City of Houston, MS.</b>						
32	Betty Atkinson to John Clark Doc. #1-2000 0658 Legal: NE1/4;SE1/4;S30,T13S,R3E Robinson Road - Houston 302.4' of Road Frontage Sale of an improved vacant industrial lot	04/14/00	\$15,000	3.00		\$5,000
33	Betty Atkinson to Dennis O'Barr Doc. #1-2000 0333 Legal: NE1/4;SE1/4;S30,T13S,R3E Robinson Road - Houston 189.16' of Road Frontage Sale of unimproved vacant industrial lot	02/25/00	\$9,180	1.84		\$5,000
34	BancorpSouth Bank to Larry Easely Doc. #1-2003 0230 Legal: NE1/4;SE1/4;S30,T13S,R3E Robinson Road - Houston 199.65' of Road Frontage Sale of unimproved vacant industrial lot	01/23/03	\$9,000	2.00		\$4,500
35	BancorpSouth Bank to Westside Church of Christ Doc. #1-2004 1558 Legal: NE1/4;SE1/4;S30,T13S,R3E Corner Lot Intersection of Industrial Road and Robinson Road - Houston 199.65' of Road Frontage - Robinson Rd 442.33' of Road Frontage - Industrial Rd Sale of unimproved vacant industrial lot	07/09/04	\$19,500	2.60		\$7,500

Land Sales  
Mississippi Tennessee Holdings, LLC  
Appraisal of the Houston to New Albany, MS. r-o-w  
Chickasaw, Pontotoc and Union Counties, MS.

Sale #	Description / Location of Sale	Date of Sale	Amount of Sale	Size of Sale	Unit Price Per Sq. Ft.	Unit Price Per Acre
<b>Chickasaw County</b>						
<b>Agricultural Sales</b>						
36	Grantor: Larry Carter Grantee: Jack Foster & Max Taylor Jr. Doc. #: 2-2000 0472 Location: Hwy 32, CR 132 - Okolona E1/2; Sect 35, T 12S, R 4E Public Rds on two side, paved State Hwy 32 & gravel CR132. Land uses: 30% cropland; 53% pasture; 17% woodland	05/25/00	\$300,000	327.00		\$917
37	Grantor: Buford Easley Grantee: Jim Denton Doc. #: 1-2000 0041 Location: CR 408 - Houlka NE1/4; Sect 15, T 13S, R 3E Public road frontage on paved CR 408 Land uses: 80%cropland; 20%woodland	12/27/00	\$50,000	60.00		\$833
38	Grantor: Larry Carter & Virginia Carter Grantee: Circle W Land & Timber, LLC Doc. #: 1-2003 1885 Location: Van Fleet S2, S3, S4, S9; T13S, R4E S16, S17, S20, S21, S28, S33, S34 of T12S, R4E. Approximately 1,107 acres (62%) in row crops: 190 acres (10%) in pasture, 110 acres (6%) in CRP 3 year old pines balance in woods, cutover and waste.	09/19/03	\$1,500,000	1792.00		\$837
39	Grantor: Elige Hobson Grantee: George Gordon Doc. #: 1-2000 0920 Location: CR 9 - Houlka NE1/4; Sect 6, T 12S, R 3E Public road frontage on gravel CR 9 Land uses: 50%cropland; 50%woodland	05/22/00	\$36,688	45.86		\$800
40	Grantor: Albert Rayford Grantee: Mildred Hendersen and Calvin Kerr, Jr. Doc. #: 1-2000 1279 Location: CR 308 - Houlka NW1/4 of SE1/4 ; Sect 12, T 12S, R 2E Public road frontage on paved CR 308 Land use: pasture	07/26/00	\$21,300	21.30		\$1,000

Exhibit B  
Parcel Area Calculations

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acres(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 1 - MP 281.4 to MP 282.0</b>								
V-5 / S-16	5	100.0	840.0	1.0	84,000.0	1.93	1.93	
	Less Street	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	
	6,7,8,9,10,11	300.0	2100.0	1.0	630,000.0	14.46	14.46	
	12,13,14,15,16							
	Less Church St	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	
<b>Total P-1</b>						<b>16.21</b>	<b>16.21</b>	
<b>Parcel 2 - MP 282.0 to MP 283.8</b>								
V-5 / 16	18,19,20,23,	100.0	1180.0	1.0	118,000.0	1.61	1.61	
	25					5.62	0.00	Judgement
	26					2.28	2.28	Q.C.D.
	27					2.35	2.35	W.D.
	28					3.32	0.00	Judgement
	29					0.09	0.00	Road Crossing
	30					1.94	1.94	W.D.
	31					3.01	3.01	W.D.
<b>Total P-2</b>						<b>20.22</b>	<b>11.19</b>	
<b>Parcel 3 - MP 283.8 to MP 285.03</b>								
V-5 / 16	Industrial Dr.	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	Str. crossing
	33					6.19	0.00	Judgement
	34					4.26	0.00	Judgement

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 3 - MP 283.8 to MP 285.03</b>								
V-5/17	1 & 2	100.0	2920.0	1.0	292,000.0	6.70	6.70	
<b>Total P-3</b>					17.06	6.61		
<b>Parcel 4 - MP 285.03 to MP 291.33</b>								
V-5/17	3,4,5,6,7,8,9	100.0	10850.0	1.0	1,085,000.0	24.91	24.91	
V-5/17	10,11,12,13,	100.0	4300.0	1.0	430,000.0	9.87	9.87	
V-5/17	14, 15	100.0	2300.0	1.0	230,000.0	5.28	5.28	
V-5/17	Rd. Crossing	100.0	120.0	-1.0	(12,000.0)	-0.28	-0.28	County Rds.
V-5/18	1,2,3,4,5,6	100.0	10890.0	1.0	1,089,000.0	25.00	25.00	
V-5/18	Rd. Crossing	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	County Rd.
V-5/18	7 & 8	100.0	4320.0	1.0	432,000.0	9.92	9.92	
<b>Total P-4</b>					74.61	74.61		
<b>Parcel 5 - MP 291.33 to MP 292.34</b>								
V-5/18	8 (Partial)	100.0	775.0	1.0	77,500.0	1.78	1.78	
V-5/18		100.0	850.0	1.0	85,000.0	1.95	1.95	
V-5/18	9,10, & 11	250.0	2000.0	1.0	500,000.0	11.48	11.48	
V-5/18	Less sold	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	County Rd.
V-5/18	Less sold	127.0	40.0	-1.0	(5,080.0)	-0.12	-0.12	Parcel
V-5/18	Less sold	100.0	450.0	-1.0	(45,000.0)	-1.03	-1.03	Parcel
V-5/18	Less sold	50.0	160.0	-1.0	(8,000.0)	-0.18	-0.18	Parcel
V-5/18	Less SH 32	100.0	60.0	-1.0	(6,000.0)	-0.14	-0.14	Highway 32
V-5/18	Lease	40.0	560.0	-1.0	(22,400.0)	-0.51	-0.51	Parcel
V-5/18	12	100.0	1600.0	1.0	160,000.0	3.67	3.67	
<b>Total P-5</b>					16.80	16.80		

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 6 - MP 292.34 to MP 300.86</b>								
V-5 / 18	13	100.0	750.0		75,000.0	1.72	1.72	
V-5 / 19	1,2,3,4,5,6	100.0	10965.0		1,096,500.0	25.17	25.17	
V-5 / 19	7,8,9,10,11,12	100.0	10065.0		1,006,500.0	23.11	23.11	
V-5 / 19	Rd. Crossings	100.0	80.0		(8,000.0)	-0.18	-0.18	County Rds.
V-5 / 20	1,2,3,4,5,6,7	100.0	9700.0		970,000.0	22.27	22.27	
V-5 / 20	8,9,10,11,12,	100.0	9470.0		947,000.0	21.74	21.74	
V-5 / 20	13 & 14	100.0	1800.0		180,000.0	4.13	4.13	
V-5 / 21	1 & 2	100.0	2230.0		223,000.0	5.12	5.12	
<b>Total P-6</b>						103.08	103.08	
<b>Parcel 7 - MP 300.86 to MP 301.52</b>								
V-5 / 21	3	100.0	950.0		95,000.0	2.18	2.18	
V-5 / 21	4, 5a, 5b	250.0	1707.0		426,750.0	9.80	9.80	
V-5 / 21	Partial 6	100.0	800.0		80,000.0	1.84	1.84	
V-5 / 21	Less Main St	250.0	40.0		(10,000.0)	-0.23	-0.23	City St.
V-5 / 21	Less CR 776	250.0	50.0		(12,500.0)	-0.29	-0.29	County Rd.
<b>Total P-7</b>						13.30	13.30	
<b>Parcel 8 - MP 301.52 to MP 303.42</b>								
V-5 / 21	Partial 6	100.0	1850.0		185,000.0	4.25	4.25	
V-5 / 21	7,8,9,10,11	100.0	8200.0		820,000.0	18.82	18.82	
V-5 / 21	Less CR	100.0	40.0		(4,000.0)	-0.09	-0.09	County Rd.
<b>Total P-8</b>						22.98	22.98	

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 9 - MP 303.42 to MP 305.24</b>								
V-5 / 21	12 & 13							
V-5 / 22	1	100.0	5920.0	1.0	592,000.0	13.59	13.59	13.59
V-5 / 22	2	100.0	1900.0	1.0	190,000.0	4.36	4.36	4.36
V-5 / 22	3	350.0	350.0	1.0	122,500.0	2.81	2.81	2.81
V-5 / 22	4	330.0	350.0	1.0	115,500.0	2.65	2.65	2.65
V-5 / 22	4b	100.0	1900.0	1.0	190,000.0	4.36	4.36	4.36
V-5 / 22		50.0	615.0	1.0	30,750.0	0.71	0.71	0.71
<b>Total P-9</b>						<b>28.48</b>	<b>28.48</b>	<b>28.48</b>
<b>Parcel 10 - MP 305.24 to MP 305.95</b>								
V-5 / 22	5 & 6	175.0	2000.0	1.0	350,000.0	8.03	8.03	8.03
V-5 / 22	7	100.0	1800.0	1.0	180,000.0	4.13	4.13	4.13
V-5 / 22	SH 15 Bypass	100.0	80.0	-1.0	(8,000.0)	-0.18	-0.18	-0.18
<b>Total P-10</b>						<b>11.98</b>	<b>11.98</b>	<b>11.98</b>
<b>Parcel 11 - MP 305.95 to MP 306.81</b>								
V-5 / 22	8,	100.0	700.0	1.0	70,000.0	1.61	1.61	1.61
V-5 / 22	9a	25.0	850.0	1.0	21,250.0	0.49	0.49	0.49
V-5 / 22	9b	467.5	546.0	0.5	127,627.5	2.93	2.93	2.93
V-5 / 22	10	100.0	340.0	1.0	34,000.0	0.78	0.78	0.78
V-5 / 22	11	100.0	1150.0	1.0	115,000.0	2.64	2.64	2.64
V-5 / S-22	13	100.0	450.0	1.0	45,000.0	1.03	1.03	1.03
V-5 / S-22	14	100.0	280.0	1.0	28,000.0	0.64	0.64	0.64
V-5 / S-22	15	100.0	280.0	1.0	28,000.0	0.64	0.64	0.64

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS,  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 11 - MP 305.95 to MP 306.81</b>								
V-5/S-22	16	100.0	390.0	1.0	39,000.0	0.90	0.90	
V-5/S-22	18	162.0	90.0	0.5	7,290.0	0.17	0.17	
V-5/S-22	20	100.0	150.0	0.5	7,500.0	0.17	0.17	
V-5/S-22	21	100.0	560.0	1.0	56,000.0	1.29	1.29	
V-5/S-22	21	60.0	47.0	0.7	1,833.0	0.04	0.04	
V-5/S-22	21	140.0	60.0	1.0	8,400.0	0.19	0.19	
<b>Total P-11</b>					<b>13.52</b>	<b>13.52</b>		
<b>Parcel 12 - MP 306.81 to MP 307.08</b>								
V-5/S-22	23,24,25	100.0	740.0	1.0	74,000.0	1.70	1.70	
V-5/S-22	23 1/2	60.0	65.0	0.7	2,730.0	0.06	0.06	
V-5/S-22	27	100.0	450.0	1.0	45,000.0	1.03	1.03	
<b>Total P-12</b>					<b>2.79</b>	<b>2.79</b>		
<b>Parcel 13 - MP 307.08 to MP 307.25</b>								
V-5/S-22	29	80.0	200.0	1.0	16,000.0	0.37	0.37	
V-5/S-22	31	180.0	130.0	0.5	11,700.0	0.27	0.27	
V-5/S-22	32	100.0	425.0	1.0	42,500.0	0.98	0.98	
<b>Total P-13</b>					<b>1.61</b>	<b>1.61</b>		

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 14 - MP 307.25 to MP 307.43</b>								
V-5 / S-22	33	100.0	500.0	1.0	50,000.0	1.15	1.15	
V-5 / S-22	34	100.0	180.0	1.0	18,000.0	0.41	0.41	
V-5 / 22	36	100.0	500.0	1.0	50,000.0	1.15	1.15	
<b>Total P-14</b>						<b>2.71</b>	<b>2.71</b>	
<b>Parcel 15 - MP 307.43 to MP 307.73</b>								
V-5 / 22	38	30.0	30.0	0.5	450.0	0.01	0.01	
V-5 / 22	39	100.0	1575.0	1.0	157,500.0	3.62	3.62	
<b>Total P-15</b>						<b>3.63</b>	<b>3.63</b>	
<b>Parcel 16 - MP 307.73 to MP 308.66</b>								
V-5 / 22	40,41,42	100.0	300.0	1.0	30,000.0	0.69	0.69	
V-5 / 23	1	100.0	350.0	1.0	35,000.0	0.80	0.80	
V-5 / 23	Partial 2	100.0	1250.0	1.0	125,000.0	2.87	2.87	
<b>Total P-16</b>						<b>4.36</b>	<b>4.36</b>	
<b>Parcel 17 - MP 308.66 to MP 309.22</b>								
V-5 / 23	Partial 2	100.0	1300.0	1.0	130,000.0	2.98	2.98	
V-5 / 23	3	100.0	1650.0	1.0	165,000.0	3.79	3.79	
V-5 / 23	Less city str.	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	Stafford Blvd.
<b>Total P-17</b>						<b>6.68</b>	<b>6.68</b>	

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Misc Comments
		Width	Length	Other				
<b>Parcel 18 - MP 309.22 to MP 310.11</b>								
V-5/23	4	100.0	1350.0	1.0	135,000.0	3.10	3.10	
V-5/23	5	225.0	602.8	1.0	135,630.0	3.11	3.11	
V-5/23	6	100.0	3400.0	1.0	340,000.0	7.81	7.81	
<b>Total P-18</b>					14.02	14.02		
<b>Parcel 19 - MP 310.11 to MP 314.29</b>								
V-5/23	7,8,9,10,11	100.0	8300.0	1.0	830,000.0	19.05	19.05	
V-5/23	12 & 13	100.0	3100.0	1.0	310,000.0	7.12	7.12	
V-5/23	Less S.H. 76	100.0	80.0	-1.0	(8,000.0)	-0.18	-0.18	
V-5/24	2a,1,2b,3,4	100.0	10700.0	1.0	1,070,000.0	24.56	24.56	
<b>Total P-19</b>					50.55	50.55		
<b>Parcel 20 - MP 314.29 to MP 314.79</b>								
V-5/24	4 (Partial)	100.0	2640.0	1.0	264,000.0	6.06	6.06	
V-5/24	6b	101.5	1736.0	1.0	176,204.0	4.05	4.05	
V-5/24	Sold Parcel	20.0	1160.0	-1.0	(23,200.0)	-0.53	-0.53	
V-5/24	6a	50.0	350.0	1.0	17,500.0	0.40	0.40	
V-5/24	Less city str.	100.0	60.0	-1.0	(6,000.0)	-0.14	-0.14	
V-5/24	Less city str.	200.0	40.0	-1.0	(8,000.0)	-0.18	-0.18	
<b>Total P-20</b>					9.65	9.65	CR 345	

Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

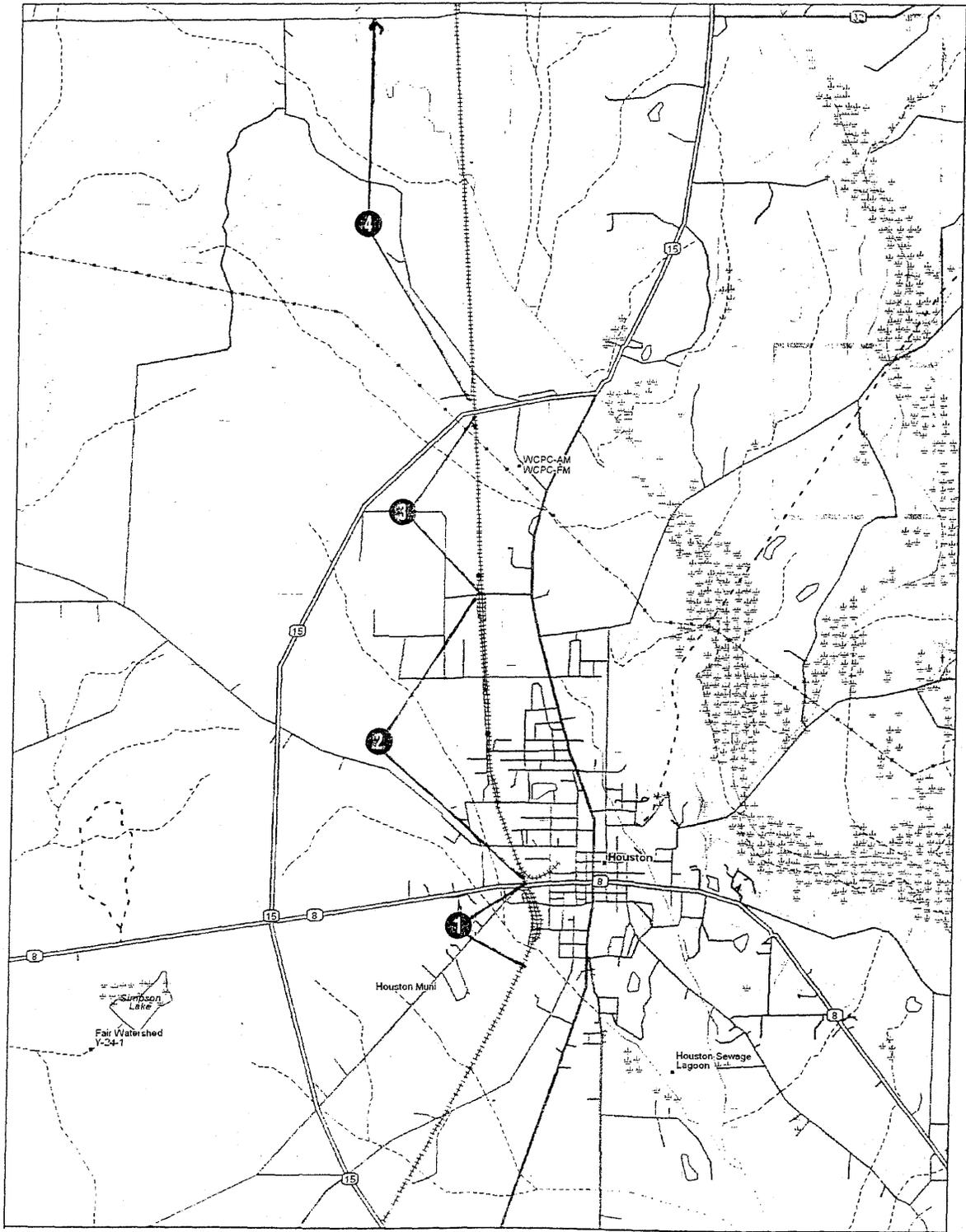
Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Deed Instrument
		Width	Length	Other				
<b>Parcel 21 - MP 314.79 to MP 319.01</b>								
V-5 / 24	7 & 8	100.0	7800.0	1.0	780,000.0	17.91	17.91	
V-5 / 25	1,2,3,4,5	100.0	14770.0	1.0	1,477,000.0	33.91	33.91	
V-5 / 25	Rd Crossings	100.0	40.0	-3.0	(12,000.0)	-0.28	-0.28	City Rds.
<b>Total P-21</b>					51.54	51.54	51.54	
<b>Parcel 22 - MP 319.01 to MP 319.32</b>								
V-5 / 25	6 & 6a	100.0	1637.0	1.0	163,700.0	3.76	3.76	
V-5 / 25	Rd Crossings	100.0	30.0	-2.0	(6,000.0)	-0.14	-0.14	
<b>Total P-22</b>					3.62	3.62	3.62	
<b>Parcel 23 - MP 319.32 to MP 320.2</b>								
V-5 / 25	7 & 8	100.0	4646.0	1.0	464,600.0	10.67	10.67	
V-5 / 25	City Rd	100.0	40.0	-1.0	(4,000.0)	-0.09	-0.09	County Rds.
<b>Total P-23</b>					10.57	10.57	10.57	
<b>Parcel 24 - MP 320.2 to MP 321.05</b>								
V-5 / 26	1 & 2	100.0	4488.0	1.0	448,800.0	10.30	10.30	
V-5 / 26	County Rds	100.0	40.0	-2.0	(8,000.0)	-0.18	-0.18	City Rds 88 & 90
<b>Total P-24</b>					10.12	10.12	10.12	

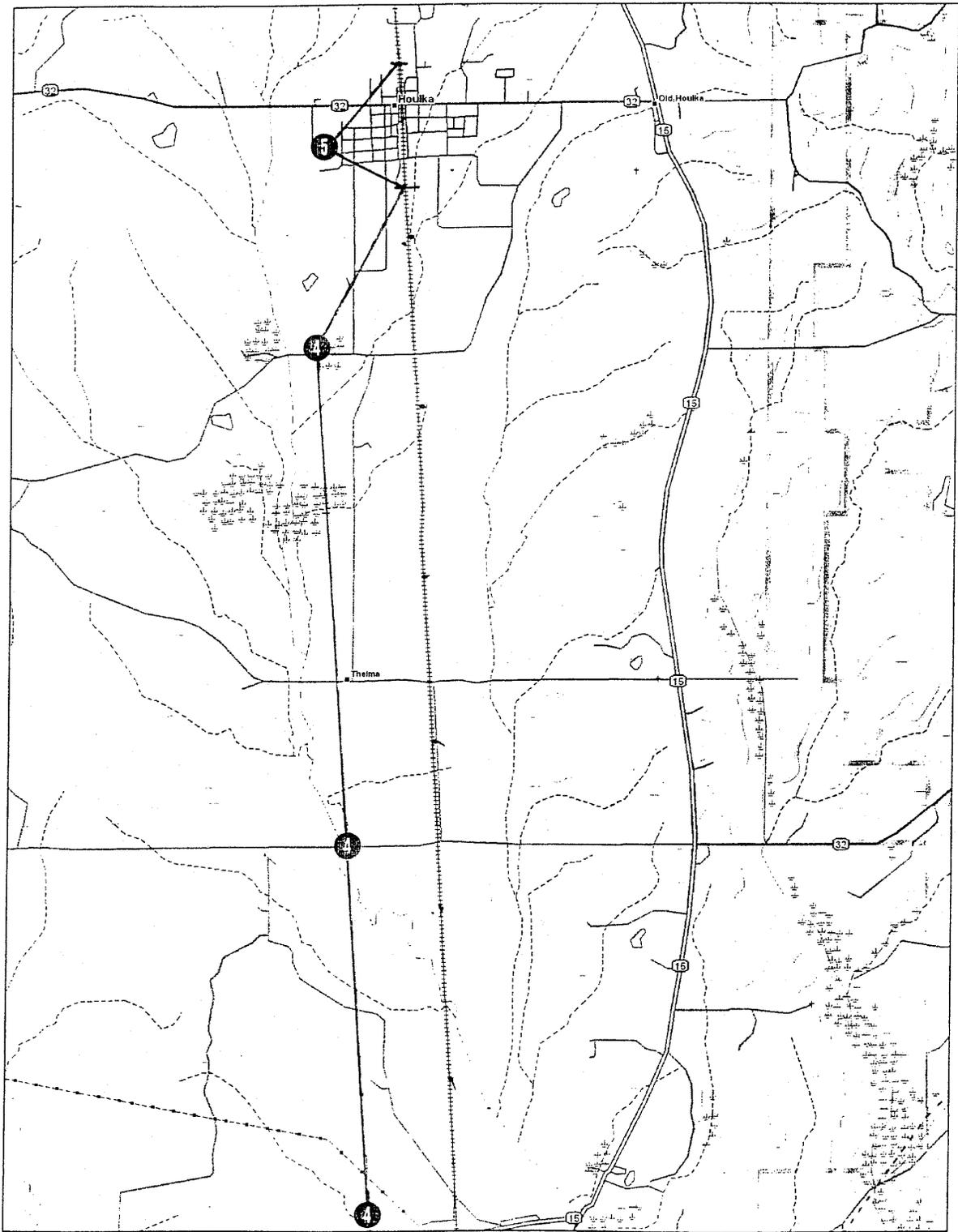
Net Liquidation Value  
 RR Parcel Areas (Estimates)  
 Mississippi Tennessee Holdings, LLC  
 Houston to New Albany, MS.  
 Mile Post 281.4 to Mile Post 324.6

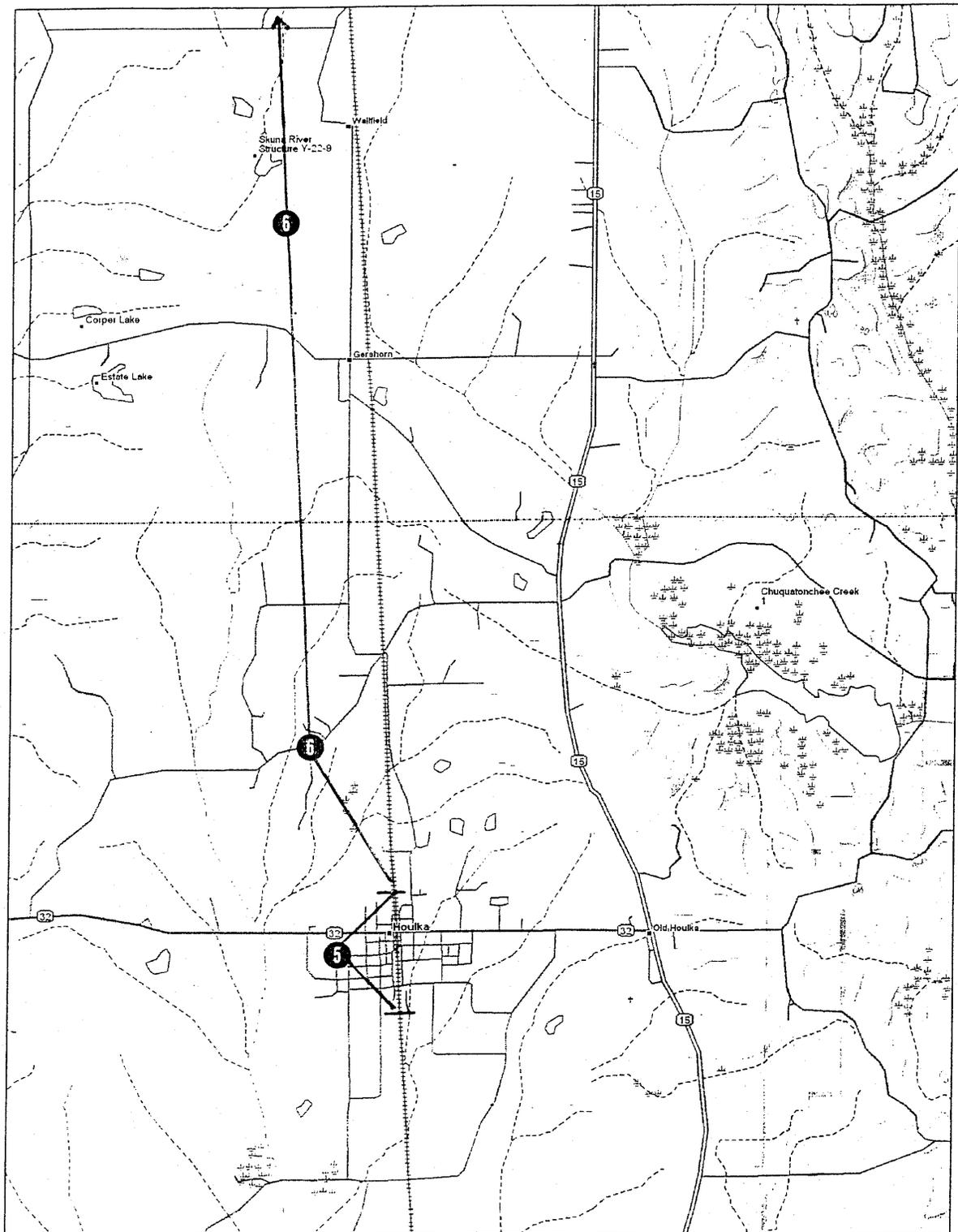
Valuation Map #	RR Parcel #	Area Calculation			Estimated Sq. Ft.	Estimated Acre(s)	Marketable Title	Deed Instrument
		Width	Length	Other				
<b>Parcel 25 - MP 321.05 to MP 322.72</b>								
V-5 / 26	3,4,5	100.0	8818.0	1.0	881,800.0	20.24	20.24	
<b>Total P-25</b>						20.24	20.24	
<b>Parcel 26 - MP 322.72 to MP 324.0</b>								
V-5 / 26	6,7,8,9	100.0	6758.0	1.0	675,800.0	15.51	15.51	
<b>Total P-26</b>						15.51	15.51	
<b>Parcel 27 - MP 324.0 to MP 324.6</b>								
V-5 / 26	10	100.0	1050.0	1.0	105,000.0	2.41	2.41	
V-5 / 27		100.0	2118.0	1.0	211,800.0	4.86	4.86	
<b>Total P-27</b>						7.27	7.27	
<b>Estimated Total Parcel Acres</b>						553.13	533.65	

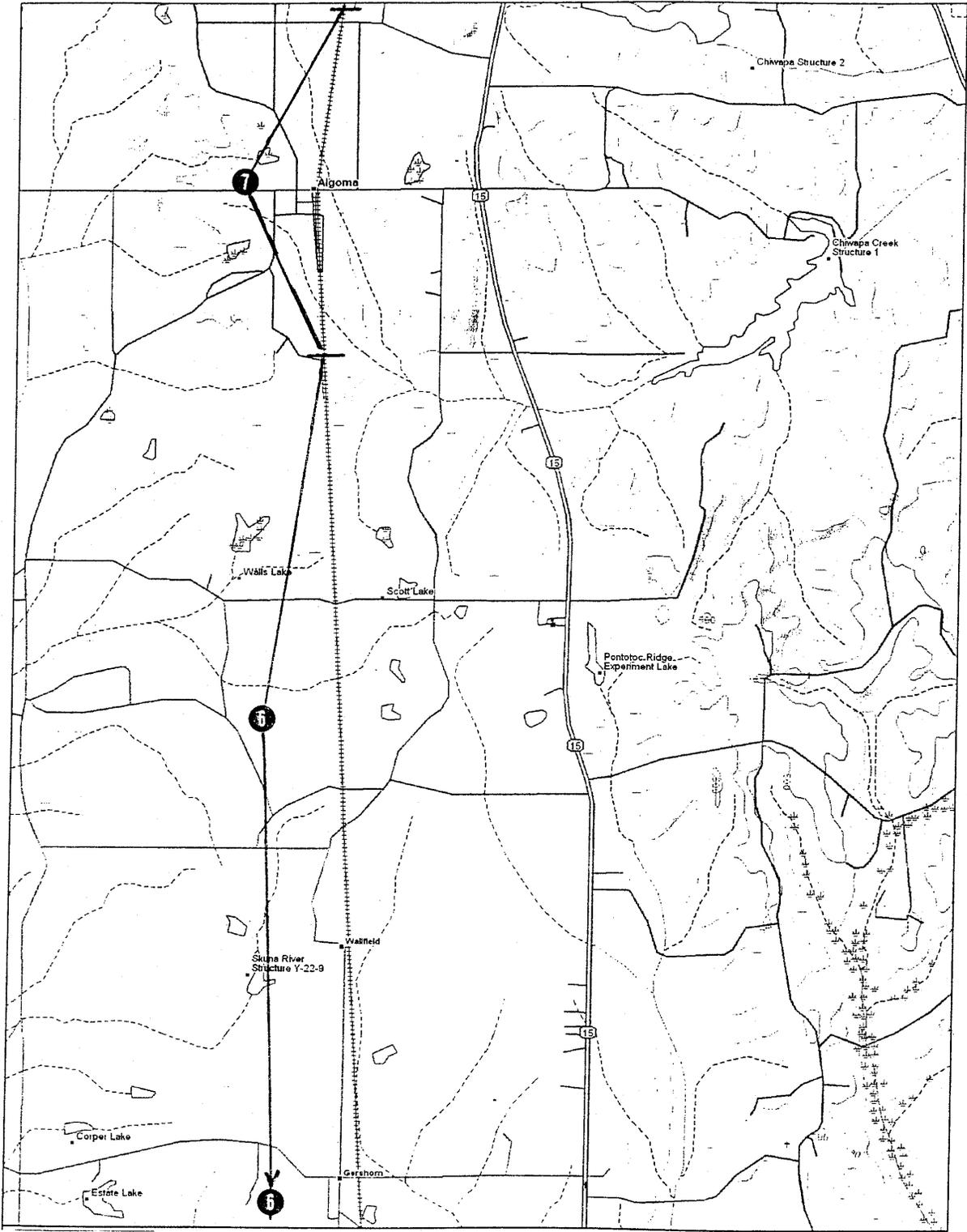
Exhibit C  
Parcel Location Maps

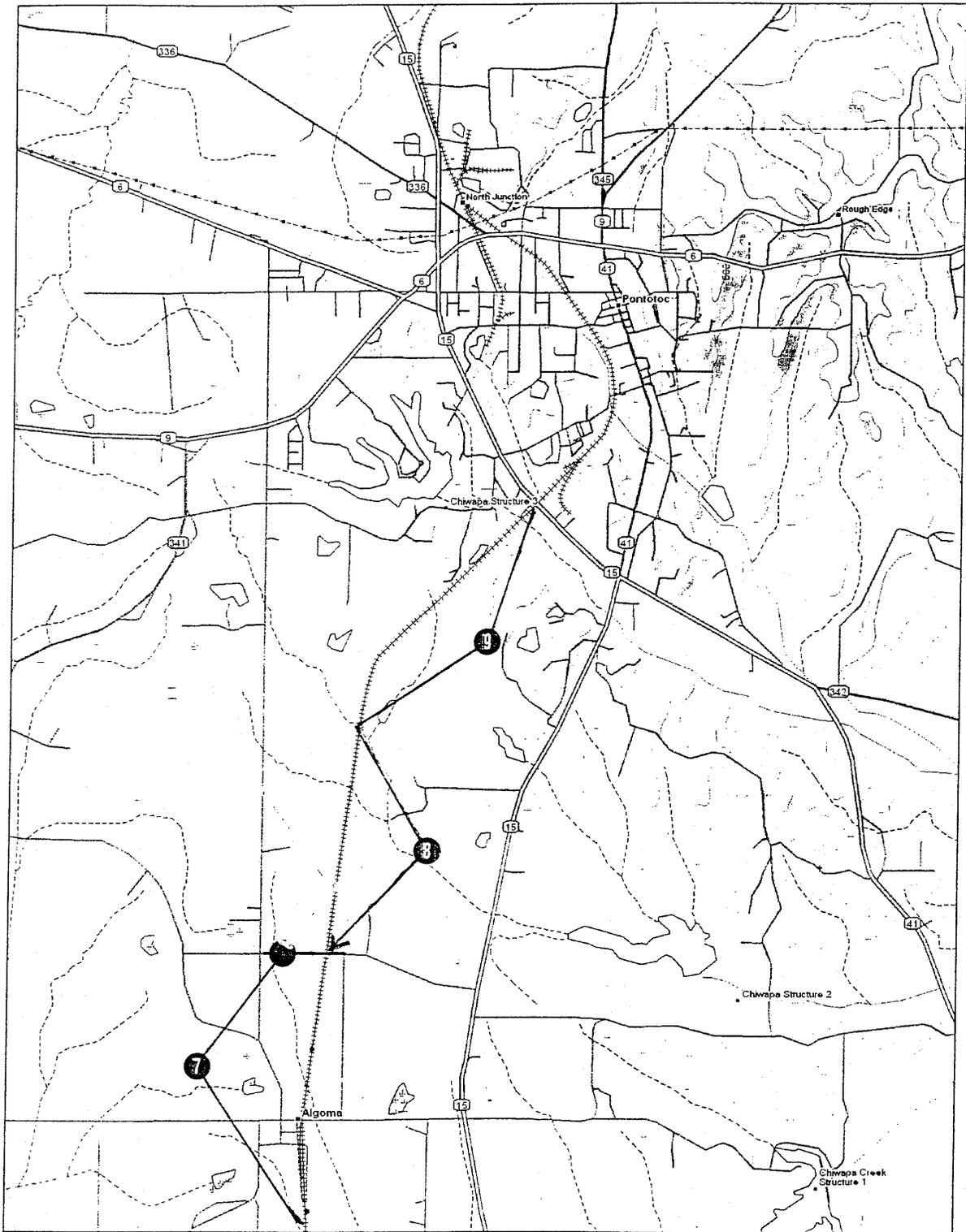




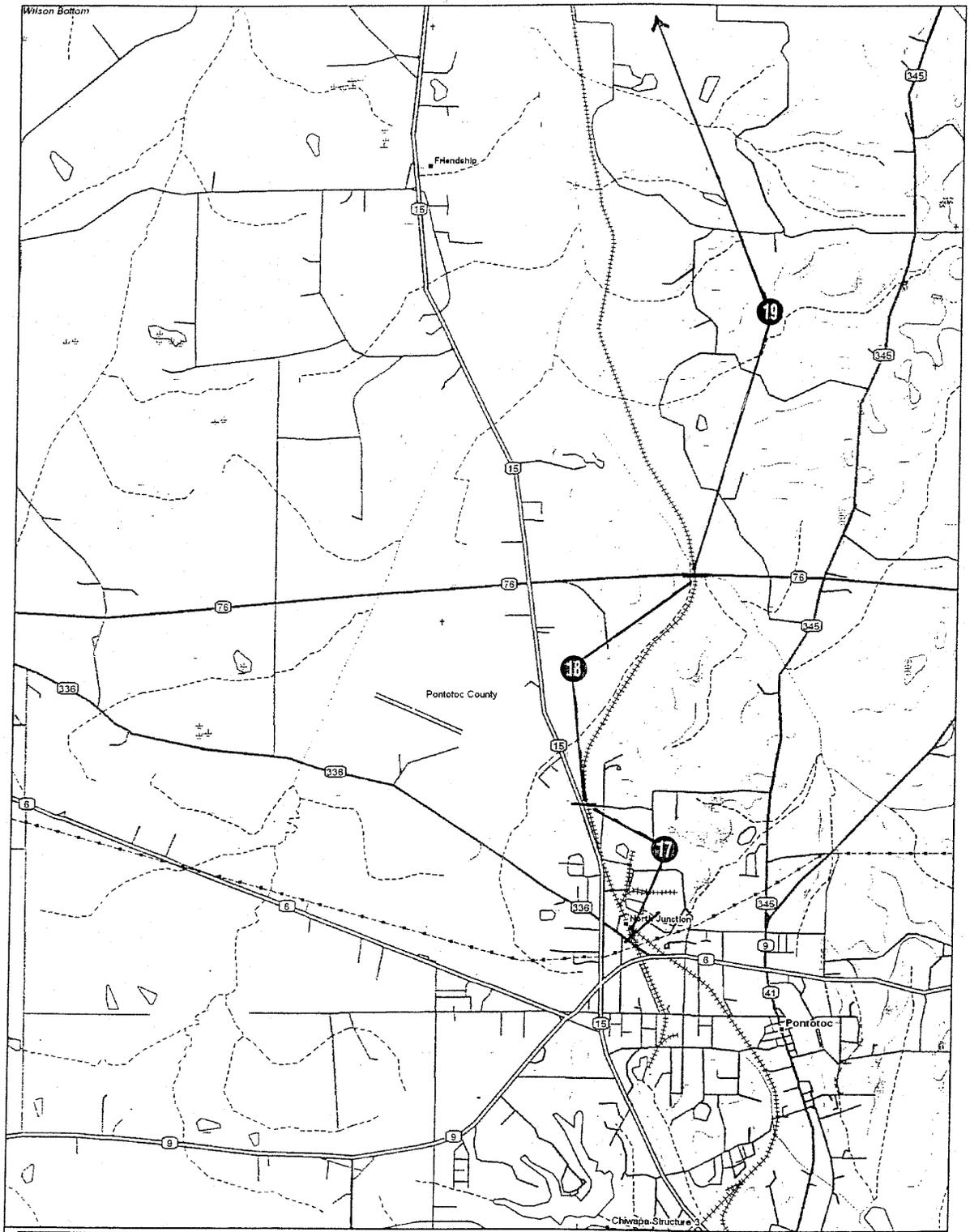


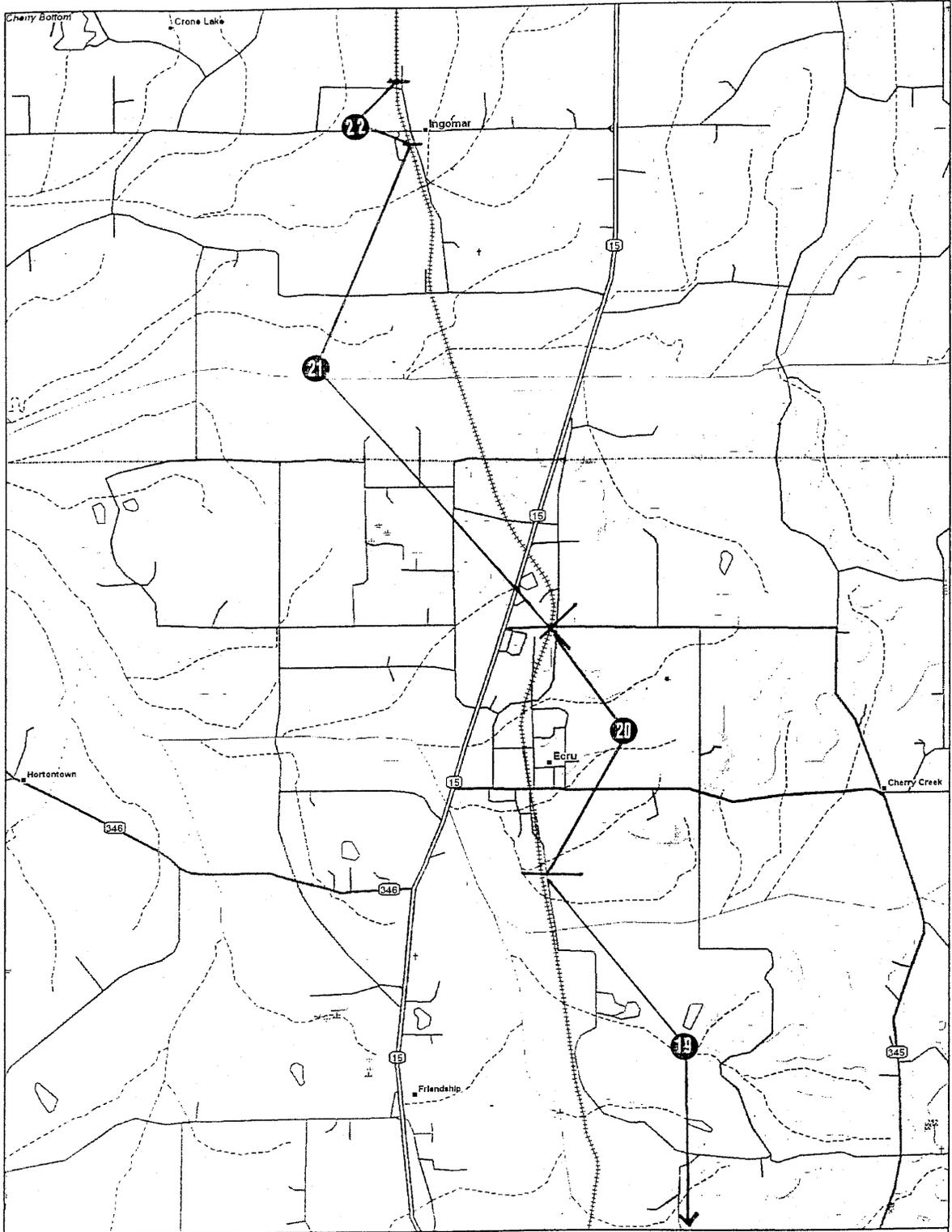












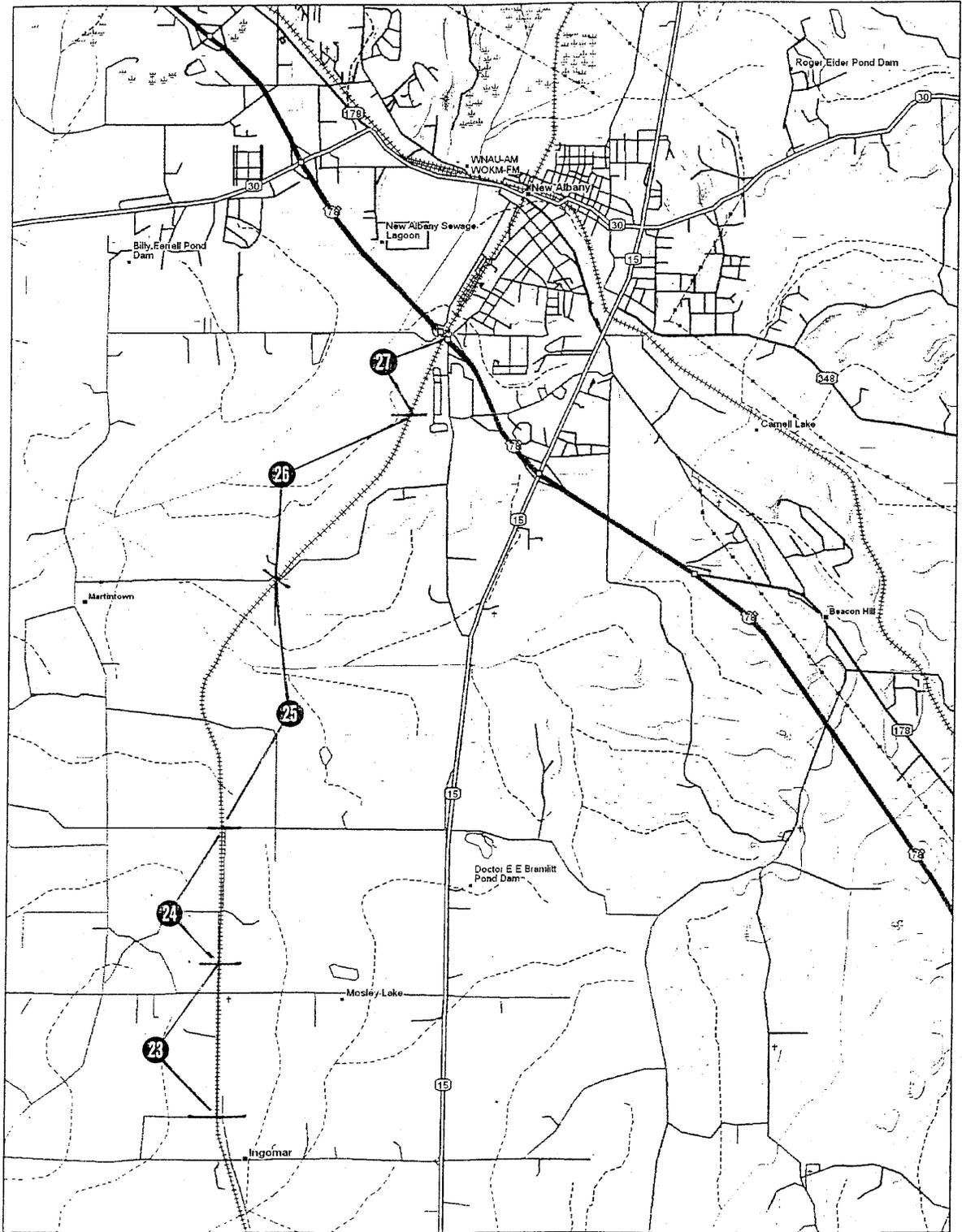
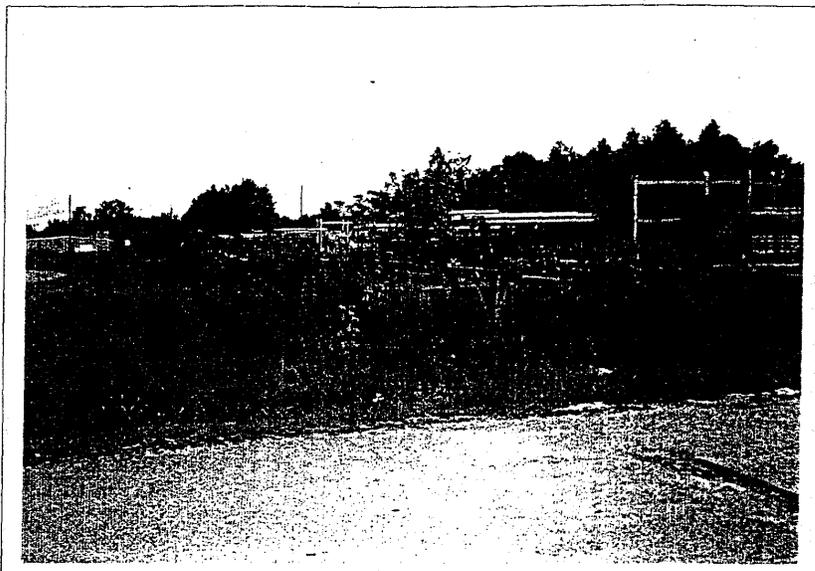


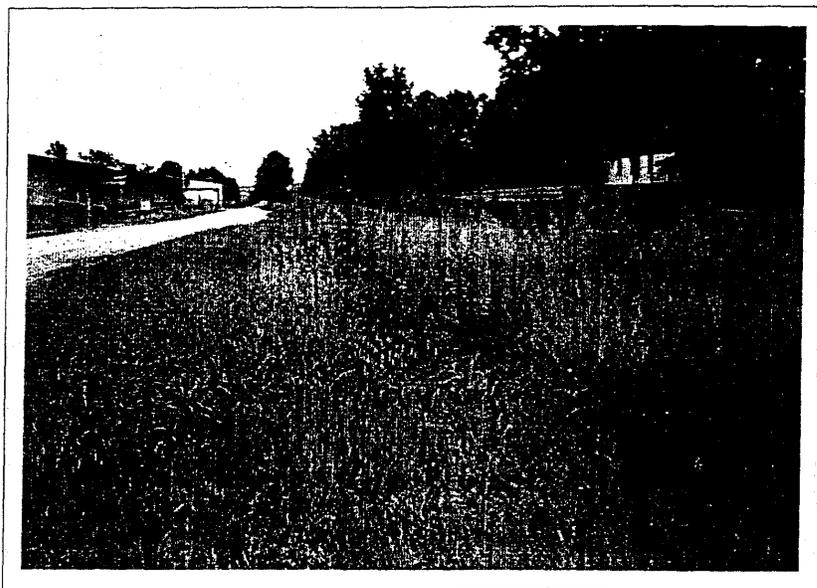
Exhibit D  
Land Parcel Photographs

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 1  
V - N, Church St., Houston, MP 281.9

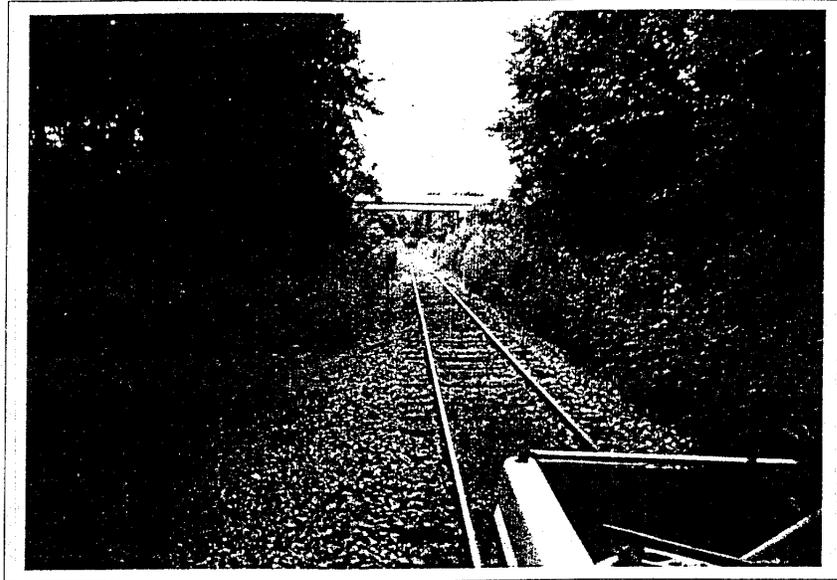


Parcel 2  
V - N, 3rd Ave, Houston, MP 282.85

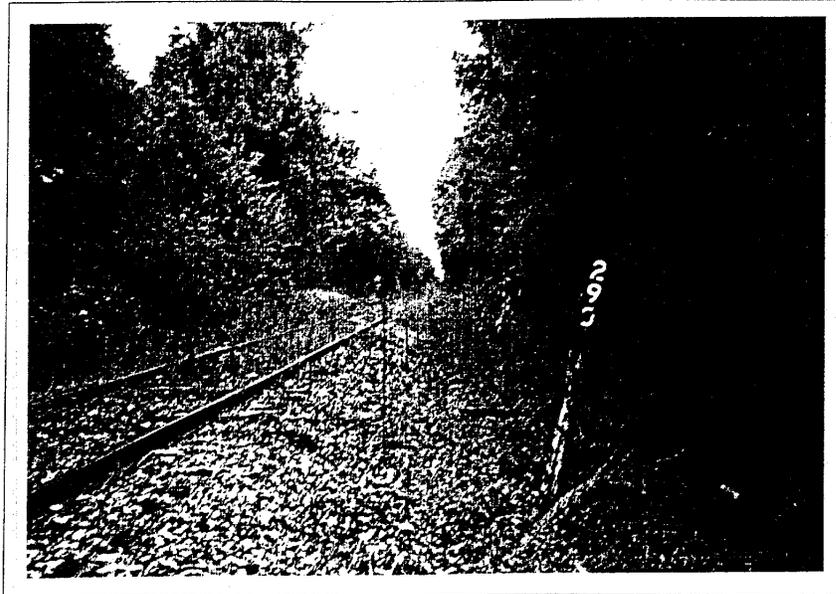
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 3  
V - S, MP 285.0

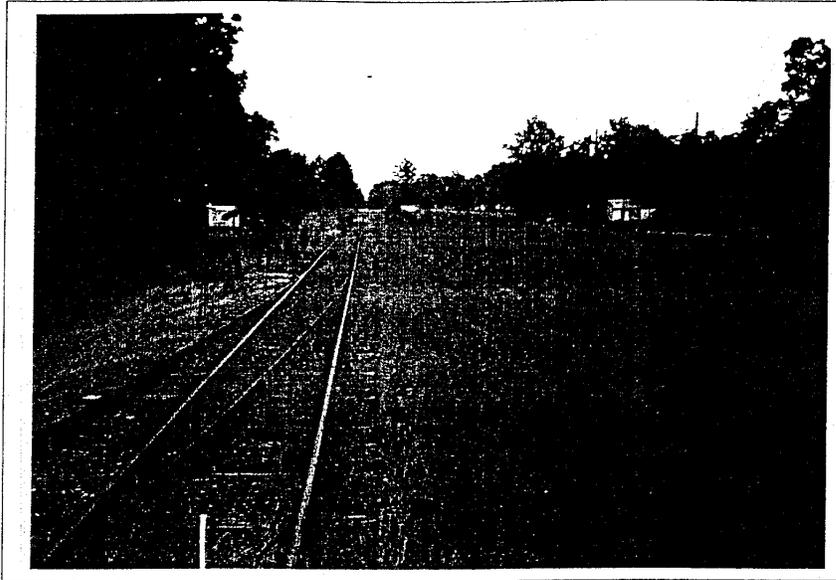


Parcel 4  
V - N, MP 290.0

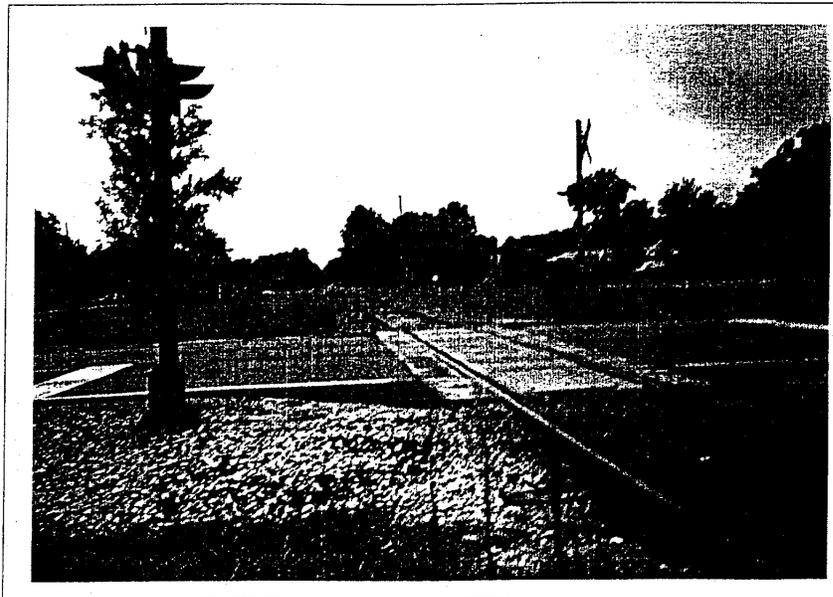
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 5  
V - N, New Houlika, MP 291.6

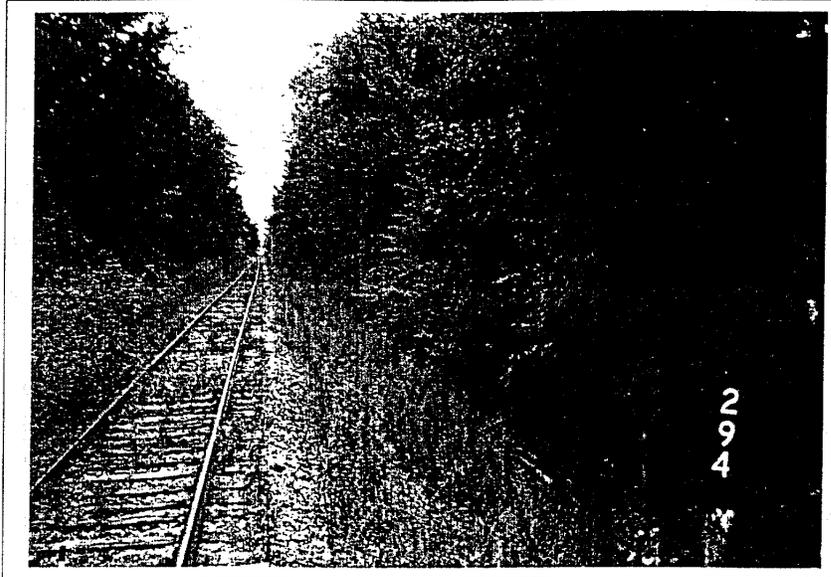


Parcel 5  
V - S, New Houlika, MP 291.9

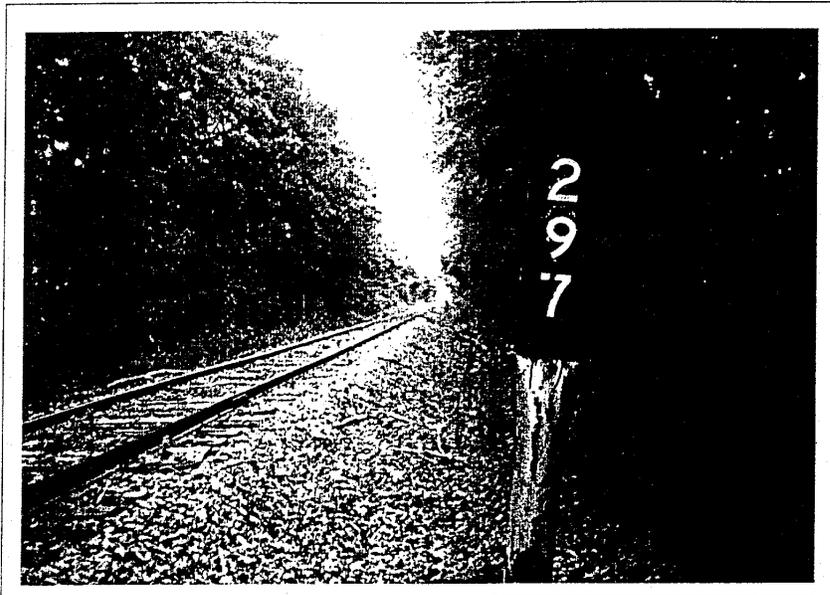
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 6  
V - N, MP 294.0



Parcel 6  
V - N, MP 297.0

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 7  
V - N, Algoma, MP 301.3



Parcel 8  
V - S, MP 303.3

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 9  
V - N, MP 304.3



Parcel 10  
V - W at RR Bridge, City of Pontotoc, Southern City Limits

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 11  
V - S, MP 306.1, City of Pontotoc, residential area

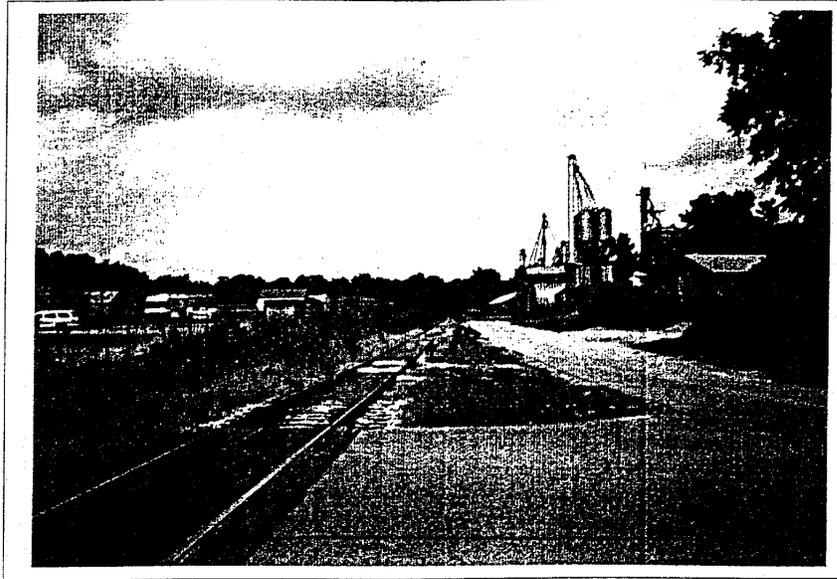


Parcel 11  
V - N, MP 306.1, City of Pontotoc, residential area

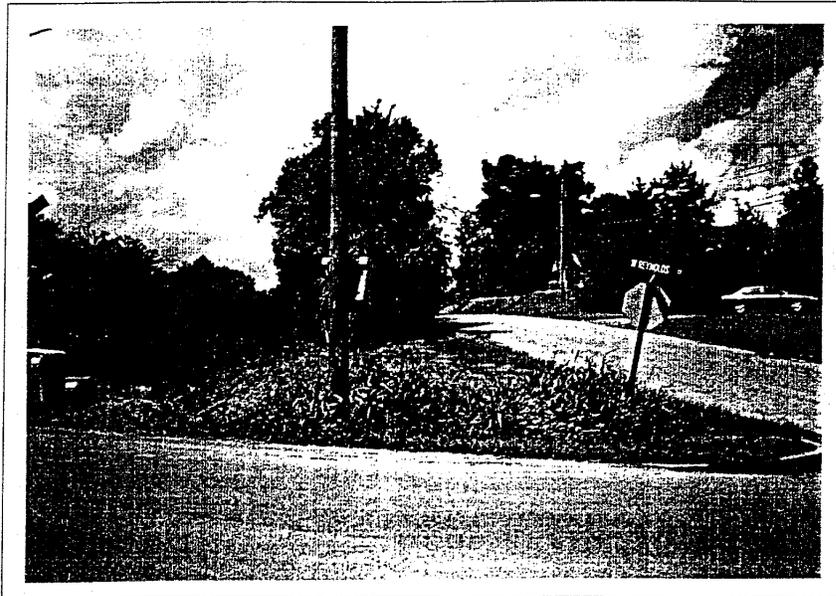
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 12  
V - N, MP 306.9, City of Pontotoc, from Coffee Street

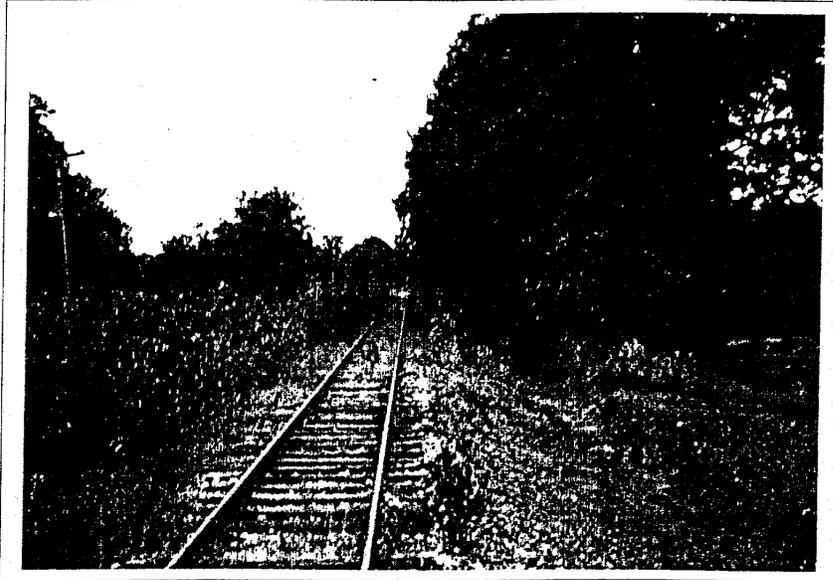


Parcel 13  
V - N, City of Pontotoc, Reynolds Street.

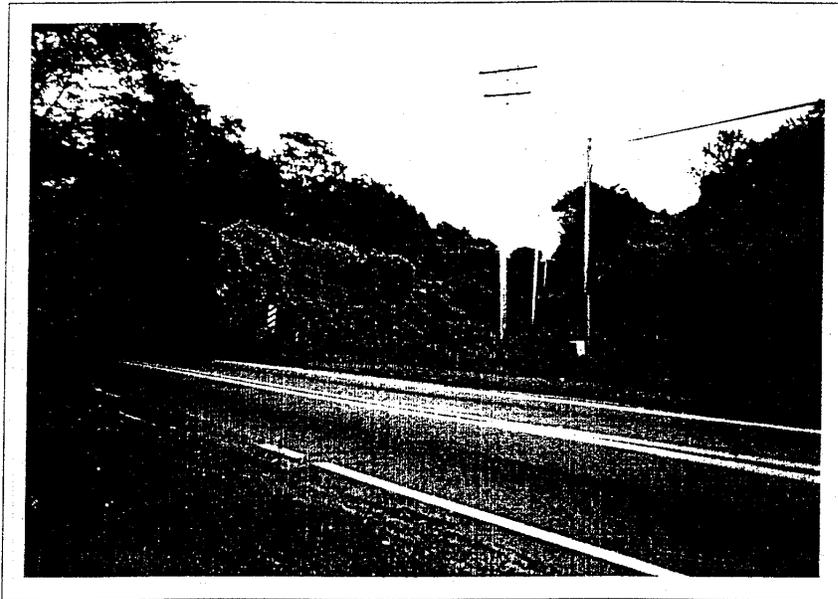
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 14  
V - N, MP 307.5, City of Pontotoc, from Montgomery Street

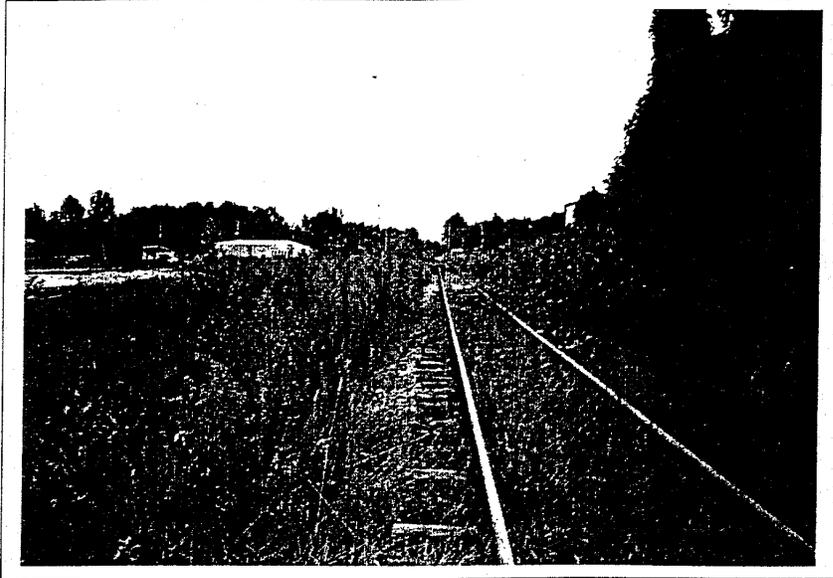


Parcel 15  
V - S at west side of r-o-w, City of Pontotoc, Oxford St (Hwy 6) Street.

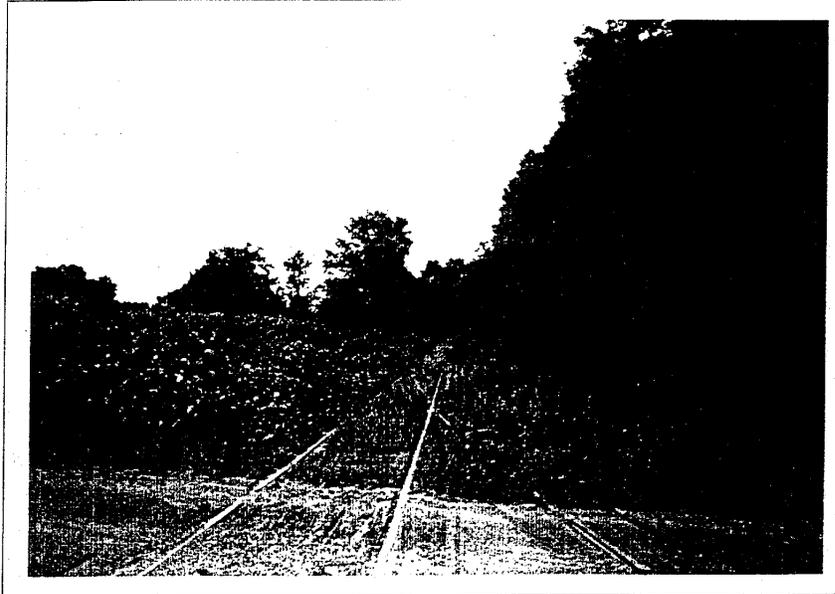
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 16  
V - S, MP 308.9, City of Pontotoc, from Stafford Blvd.

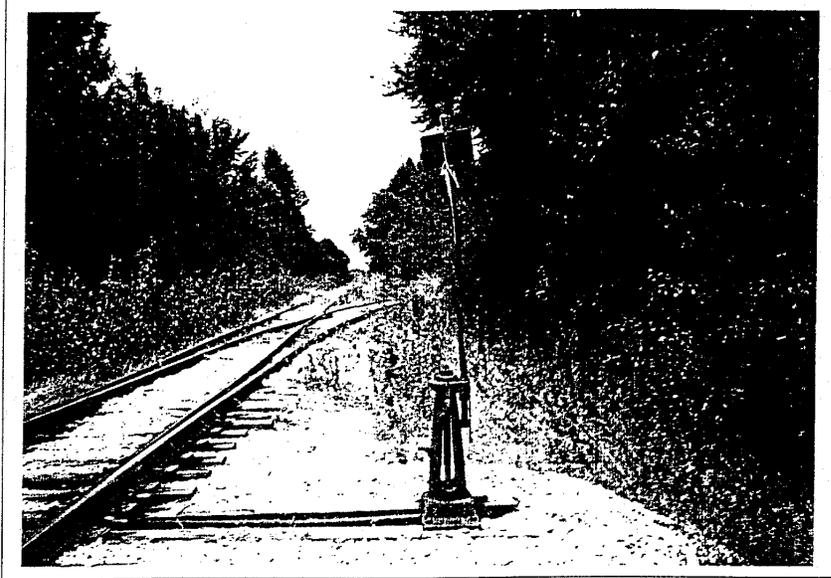


Parcel 17  
V - N, MP 308.9, City of Pontotoc, Stafford Blvd..

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 18  
V - N, MP 309.8, City of Pontotoc

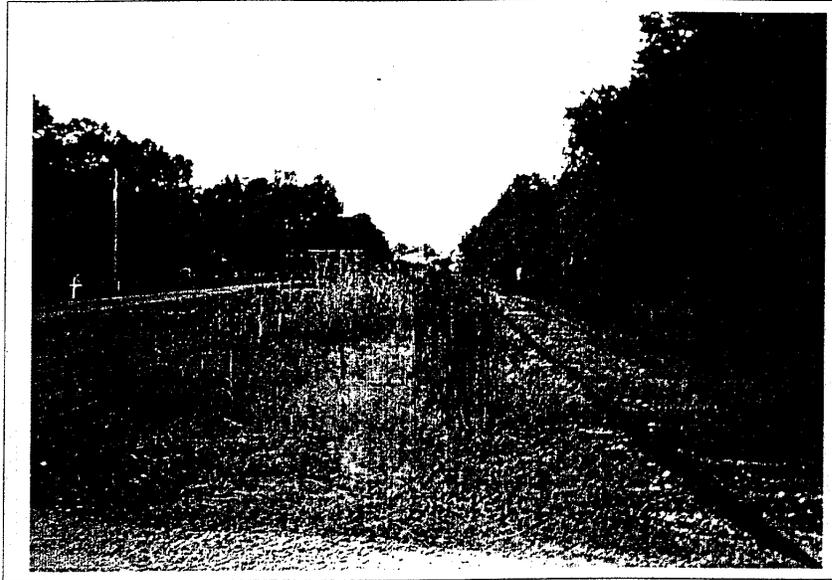


Parcel 19  
V - N, MP 312.0

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 20  
V - N, MP 314.3, from south edge of Ecu, MS.

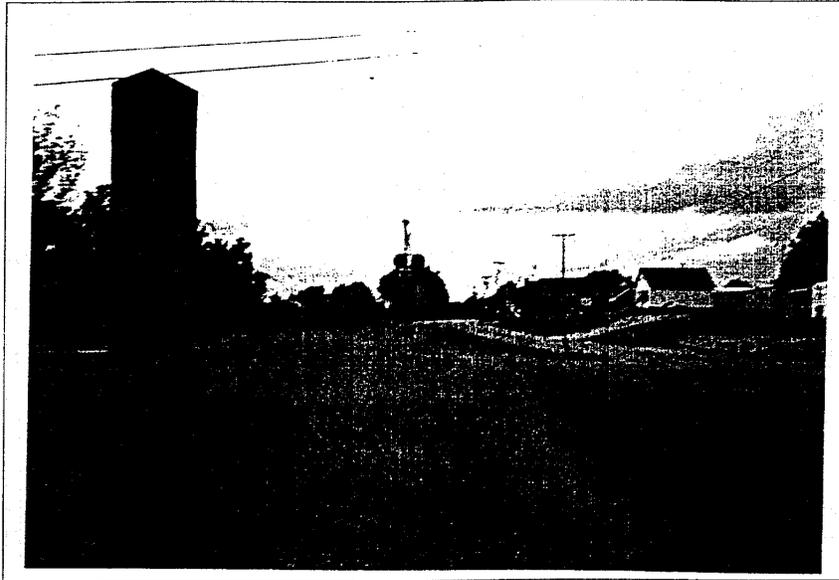


Parcel 21  
V - S, MP 316.0

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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 22  
V - N, MP 319.0, from Ingomar, MS.

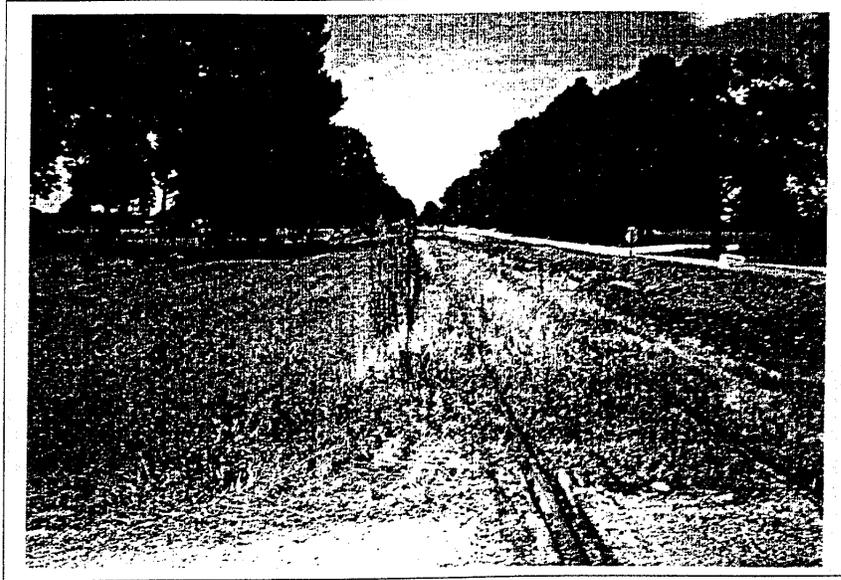


Parcel 23  
V - S, MP 320.6, Mitchell area

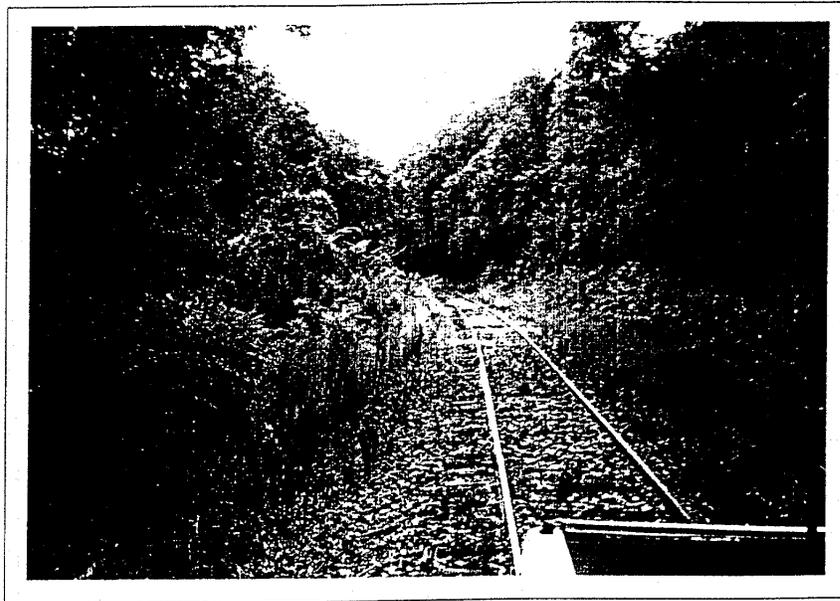
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 24  
V - N, MP 320.8, from Mitchell, MS.



Parcel 25  
V - S, MP 322.0

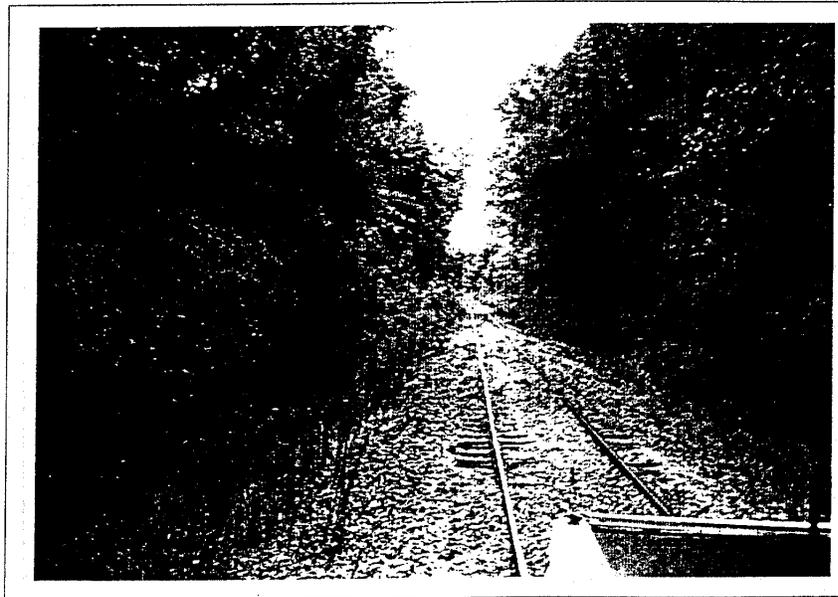
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 26  
V - N, MP 323.5



Parcel 26  
V - S, MP 324.0

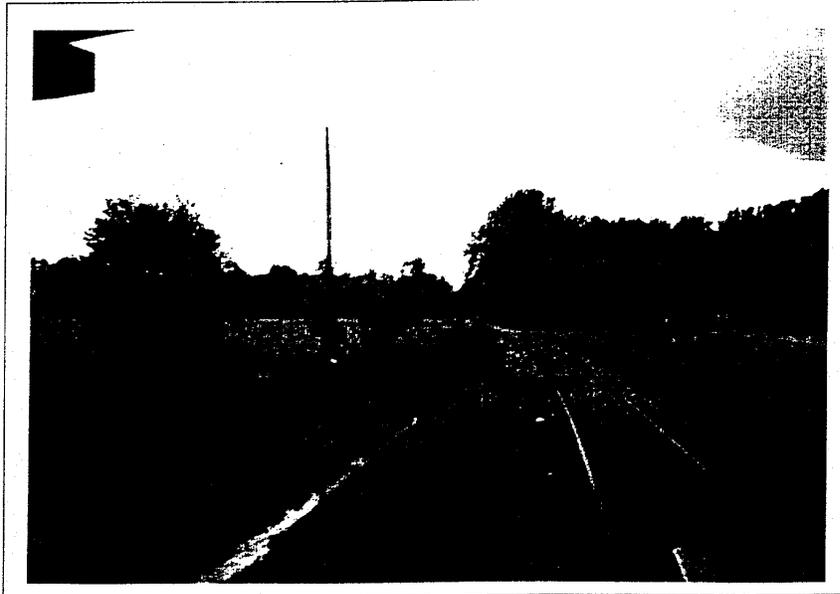
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Land Parcel Photographs  
Mississippi Tennessee Railroad  
Houston to New Albany, MS. R-O-W



Parcel 27  
V - N, MP 324.0, New Albany, MS - yard limit



Parcel 27  
V - S, MP 324.6 from Hwy 78 Overpass, New Albany, MS.

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Exhibit E  
Qualifications of Appraiser

**Kenneth Young & Associates**

**PROFESSIONAL QUALIFICATIONS  
KENNETH D. YOUNG  
DIRECTOR OF RAIL VALUATION SERVICES**

EXPERIENCE

Mr. Young is the owner and Director of Rail Valuation Services for Kenneth Young & Associates. His responsibilities include review and technical appraisal for valuation studies of track structure, real estate, and rolling stock/maintenance-of-way equipment. In addition to the technical aspects he is responsible for all inquiries regarding governmental or other judicial reviews of railroad appraisal issues.

Mr. Young's work history includes over twenty-five years experience in the construction and real estate valuation industry. This experience includes construction cost estimating, supervising construction projects, and appraisal of real estate and track structure for Class 1 railroads, regional railroads and short line operators. Engagements include appraising railroad rights-of-way for donation purposes, estimating net liquidation values for STB abandonment proceedings, and determination of market value of branch lines regarding their sale to short line operators. Other appraisal engagements include replacement cost studies for track infrastructure and testimony regarding valuation issues for railroad bankruptcy proceedings. Mr. Young has appraised over 25,000 miles of right-of-way.

PREVIOUS EXPERIENCE

Prior to forming Kenneth Young & Associates, Mr. Young was employed as National Manager Rail Appraisal for the Chicago based Lloyd-Thomas Company. Prior to the Lloyd-Thomas Company, Mr. Young was employed for six years by Ernst & Young LLP as a Senior Manager - Real Estate Services. Prior to Ernst & Young, Mr. Young was for twelve years, Vice-President - Engineering Services for Val-Tech Associates, a national valuation/appraisal firm.

EDUCATION

Construction Engineering  
Purdue University 1972

Wilson Management Group  
Construction Claims & Delays

R.S. Means Company, Inc.  
Computerized Cost Estimating

RCON Services  
Understanding Track Structure

PROFESSIONAL MEMBERSHIPS

Member, American Association of Cost Engineers (AACE) #2371  
Member, American Railway Engineering & Maintenance of Way Association (AREMA)  
Member, International Association of Right-of-Way Appraisers, (IRWA) #3667  
Member, Rails to Trails Conservancy #01964899  
Member, American Railway Development Association (ARDA)

**Qualifications**  
**Kenneth Young**  
**Page Two**

**Representative Engagements**

**The Ann Arbor Railroad (1988)**

Valuation of r-o-w including track structure & real estate for purchase price allocation. Ann Arbor, Michigan to Toledo, Ohio. Approx 60 miles of operating railroad.

**Minnesota Transfer Railway (1988)**

Valuation of real estate & track structure for dissident shareholder action. St. Paul, MN. 40 miles of operating railroad.

**The LaSalle Bank, Surface Transportation Group, Chicago, IL. (1996 - 2004)**

Valuation of track structure for asset based financing. Net Liquidation Values (NLV) for multiple short line rail operators in U.S. and Canada. Over 2,000 miles of r-o-w.

**Norfolk Southern Corporation (1986)**

Valuation of railroad bridges for donation purposes to the Virginia Dept. Conservation. New River, Virginia, Pulaski County, 60 bridges over 62 miles of r-o-w.

**Denver, Rio Grande, & Western and the Southern Pacific Railroad. (1988)**

Appraisal of real estate & track structure for the Peninsula Branch, San Fran to San Jose, CA. 60 miles of operating r-o-w.

**Sante Fe Pacific Railroad (1983)**

Engineering analysis of M-O-W gang labor for time/motion studies regarding tie insertion and removal rates. Western U.S.

**The SOO Line (1988)**

Surplus property inventory of non-operating properties in Illinois, Wisconsin, North/South Dakota & Montana Over 2,000 miles of r-o-w inspected and inventoried.

**Genesee & Wyoming, Inc. (2001)**

Fair market appraisal of the fixed assets for the South Buffalo Railway Co., acquisition and purchase price allocation of fixed assets. Lackawanna, New York. - 52 track miles.

**Union Pacific Railroad (1987)**

Real estate appraisal of 41 branch lines in MO, TX, KS, ID, CA, NM, LA, & AZ. Line disposition program. 1,900 miles of r-o-w.

**North American RailNet (2000)**

Determination of Net Liquidation Values of real estate and track structure for STB line abandonment purposes. Camas Prairie Railroad Second Subdivision. Lewiston, Idaho. 66 miles

**Chicago SouthShore & South Bend Freight Railroad (2002)**

Valuation of real estate and bridge structure for recreational trail donation purposes to Michigan City, Indiana

**City of Wisconsin Rapids, Wisconsin (2003)**

Appraisal of Wisconsin Central Ltd., former SOO line railroad right-of-way for use as a recreational/bike trail.

**Illinois Central Railroad (1988)**

System track asset valuation for allocation of purchase price to track structure, real estate, and rolling stock. 2,800 miles of r-o-w.

**Union Pacific/MKT Railroad (1987)**

System valuation for allocation of purchase price to track structure, real estate, and rolling stock. 9,000 miles of r-o-w.

**CN/Illinois Central Railroad (2001)**

Valuation of r-o-w easement for oil pipeline crossing purposes. Effingham, Illinois

**Qualifications  
Kenneth Young  
Page Three**

**Representative Engagements**

**Canadian National/ Chicago, Central &  
Pacific Railroad (2003)**

Appraisal of a former rail yard land parcel located in Galena, Illinois. Determination of Market Value in a condemnation proceeding by the city.

**Canadian Pacific Railroad (2003)**

Appraisal of former railroad r-o-w located in Libertyville, Illinois. Determination of market value for sale/purchase negotiations with a private buyer.

**Client References  
Rail Valuation Services**

Mr. Michael Barron Jr.  
Transportation Attorney  
Canadian National/Wisconsin Central Division  
Homewood, Illinois  
(708) 332-3954

Mr. Robert Fowler  
President  
Rail Property Management  
Clarendon Hills, Illinois  
(630) 325-6602

Mr. Robert Hart  
First Vice President  
LaSalle Bank  
Surface Transportation Group  
Chicago, Illinois  
(312) 904-7136

Mr. Samuel Kresen  
Director Corporate Tax  
Transtar (U.S. Steel Railroads)  
Monroeville, PA.  
(412) 829-6793



**Rebuttal Statement**

Kenneth Young  
Kenneth Young & Associates

**Item 1 - Overstatement of value due to inclusion of non-fee simple title property.**

Kenneth Young & Associates (KY & Assoc.) reviewed the railroad valuation maps supplied by Ironhorse Resources, Inc. and held discussions with Mr. Randy Cundiff as to any significant title issues. Where feasible KY & Assoc reviewed the deed legends on the valuation maps and excluded non-fee simple title property from the valuation. This property was identified primarily in Chickasaw County. As to the remainder of the property, it was Mr. Cundiff's opinion was that the r-o-w property was of sufficient fee simple title based on a legal description letter supplied by the Law Offices of Holcomb Dunbar, Southaven, Mississippi dated March 14, 2003. This letter details the legal description of the property sold to its predecessor owner, the Mississippi & Tennessee RailNet, Inc.

Mr. Cundiff supplied the title opinion letter to Kenneth Young & Associates and retained in our workpapers. In it the firm states that, "*it is our opinion that fee simple title to the subject real property is vested in Mississippi & Tennessee Railnet, Inc., by virtue of a quit claim deed.*" (emphasis provided).

Based on the assumptions as described within our appraisal report, the opinion letter supplied by the Law Firm of Holcomb Dunbar, and a review of the valuation map deed legend information the remainder of the r-o-w property was held to be fee simple property.

**Item 2 - ATF Appraisal is faulty due to absence of recent transactions.**

Kenneth Young & Associates reviewed and offered 41 vacant land sales to be used in the valuation study. 5 sales (12%) occurred in 2004, 11 sales (27%) occurred 2003, 6 sales (15%) occurred in 2002, 5 sales (12%) occurred in 2001, 8 sales (20%) occurred in 2000, 5 sales (12%) occurred in 1999 and 1 sale (2%) occurred in 1996.

The one sale that occurred in 1996 was used in combination with at least seven other additional sales to value 9 of the 27 parcels. The majority of sales that occurred in the years 1999, 2000, 2001, and 2002 were found within the County and City of Pontotoc, Mississippi and were used only for those parcels (nine of twenty seven). These city commercial/industrial sales were adjusted for date of sale, location of sale and size to reflect a current market price. This adjustment practice is common and an accepted appraisal procedure. Many of the agricultural sales were used by both appraisers in the valuation of the subject r-o-w parcels.

The "Hust" Appraisal offers only 11 sales for consideration with the date of sale ranging from the year 2001 (4 sales / 36%), year 2002 (2 sales / 18%), year 2003 (4 sales / 36%) and year 2004 (1 sale / 9%). Kenneth Young & Associates offers 27 sales that occurred since the year 2001.

Mr. Heffner's concern that Kenneth Young & Associates relied upon "stale" evidence is not valid. The valuation of the parcels reflect current market prices.

Item 3 - Lack of or inappropriate adjustments made.

The concern is that our appraisal may be suspect due to adjustments made to parcel values in order to reflect penalties for fills/cuts or access to the property.

In the Kenneth Young & Associates Appraisal, the Parcel Value Sheets (Pages 30 to 56) indicate parcel locations, parcel values, parcel areas, topography, zoning, and other indicators relating to the r-o-w parcel. We also state an opinion as to Marketability, which is basically related to the number of potential buyers, and the local real estate market economy. It is a general comment based on the appraiser's opinion of the parcel and the adjoining properties. The adjustments made, if any to parcel value for "marketability" stems from the comparable land values used.

Likewise a "poor, fair or good" comment relating to access is unique to the parcel. If the parcel is agricultural in nature the land sales used to value the parcel already reflect an appropriate value for such remote location. Adjustments for access are reflected in the comparable sales used to value the parcel and not as a direct adjustment. Kenneth Young & Associates relied upon several sales to value the subject parcels and we believe this cross section of land sales reflects the market conditions necessary. Contained within our work paper/files are adjustments to the land sales for date of sale, location of sale and size of sale. In addition, land sales used for the valuation of each parcel are selected and compared to the parcel for determination of a range of "high and low" values and where the parcel value might fit within this range.

Cut and Fill adjustments are made to compensate for alterations to the land and to bring about a value to more accurately reflect the property. If a parcel is level no adjustments are deemed necessary. If a agricultural parcel has a medium fill or cut the adjustment will not be as severe as if it were a industrial or commercial parcel given the amount of grading that might be necessary for that parcel to be utilized. In our opinion the range for these adjustments is between 0 to 30% for this subject property and not a percentage used from another source and is unique to that particular corridor. Depending upon the zoning use of the property, i.e.; agricultural, industrial, commercial, residential and its location within a certain region it is possible huge fills or cuts may require such drastic penalties such as a 50% deduction. Within the subject r-o-w however there is only one parcel that would require such a penalty (Parcel 9). Of the remaining parcels there are 13 (48%) defined as level topography, 9 ( 33%) defined as small fill topography, 4 (15%) defined as medium fill topography, and 1 (4%) parcel defined as a large fill topography. An adjustment penalty of 50% for one such parcel is to high, even if applied it does not materially effect the overall appraised value.

Mr. Heffner provides an example stating that Parcel-26 extending from Mile Post 322.70 to Mile Post 324.0 containing some 15.51 acres should require a 50% adjustment for the cut/fill due to its proximity to wetland area. The parcel has a small fill on the property. Why should such a parcel require such a large adjustment with only a small fill? The parcel was valued by use of similar properties which reflect the adjoining land use and a 10% adjustment was made to compensate for the small fill. It is our view the adjusted unit price used of \$720 per acre is appropriate and reflects market prices paid for similar land.

Item 4 - Lack of a basis regarding annual sales marketing expenses of 3%.

The sales expense amount used by Kenneth Young & Associates stems from a conversation with Mr. Randy Cundiff - Ironhorse Resources. Mr Cundiff stated that in his past experience in the sales of a similar properties (Crystal City Railroad, 56 miles+/- , Gardendale, Texas). Ironhorse Resources incurred a sales expense that ranged from 2% to 3%. This factor was based on the sale of such properties managed and sold "in-house" by Ironhorse Resources staff via quit claim deeds. Kenneth Young & Associates believed the 3% expense was adequate given the fact that in-house staff would be selling the parcel property and not that of an "outside" property management group.

Kenneth Young & Associates use of the 3% sales expense is based on facts and circumstances provided by Ironhorse Resources. We believe the amount is fair and adequate for the subject corridor parcels. Mr. Cundiff's sales expense calculations follow:

Sales/Advertising In-House Costs

$$\frac{580+ \text{ acres}}{6 \text{ acre average sale}} = 97 \text{ parcels}$$

1 hour per parcel @ 97 parcels = 97 hours @ \$25.00/hr.

97 hours @ \$25.00/hr	\$2,425
Telephone expense: 300 calls @ 7 minutes at \$0.07/minute	\$147
Postage, Copying, Supplies	\$500
Quitclaim Documentation	<u>\$600</u>
Total	<u>\$3,672</u>

Estimated Cost Sales Expense = \$3,672  
 Appraised Value = \$1,800,000 = 2.04%

The 10% sales expense suggested by Mr. Heffner is excessive based on information to the contrary.

**Summary**

Kenneth Young & Associates maintains the assumptions, methodology used, and appraised value stated within our report dated September 10, 2004 is reasonable and valid, based on information received from Ironhorse Resources, Inc., and subject to the Limiting Conditions and General Assumptions within the report.

**VERIFICATION**

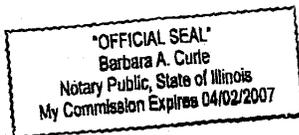
Cook County  
State of Illinois

Kenneth Young of Kenneth Young & Associates deposes and states that he has read the foregoing Verified Statement and Rebuttal, knows the facts asserted herein, and that the same are true as stated.

*Kenneth Young*  
-----  
Kenneth Young

Subscribed and sworn to before me  
this 7th day of October, 2004  
at the County of Cook, State of Illinois.

Notary Public *Barbara A. Curie*  
Notaries have no authority and are not  
required to verify the truth or accuracy  
of any document.



**CERTIFICATE OF SERVICE**

I hereby certify that on October 11, 2004, I served the foregoing document, Reply To Request To Set Terms And Conditions For Financial Assistance, on John D. Heffner, Esq., John D. Heffner, PLLC, 1920 N Street, N.W., Suite 800, Washington, DC 20036, by overnight mail.

*Thomas F. McFarland*

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Thomas F. McFarland