

RECORDATION NO. 23285-A FILED

MAY 29 '01 4-89 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

May 29, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Termination of Security Agreement, dated as of May 29, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Memorandum of Mortgage which was previously filed with the Board under Recordation Number 23285.

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

Debtor:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, NY 10022
Secured Party:	Bayerische Hypo-Und Vereinsbank AG, as Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany

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

one thousand and thirteen (1013) railcars in five groups bearing CTRN, STSX and CDRX reporting marks and road numbers attached hereto.

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

Termination of Security Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

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

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

EQUIPMENT

# Cars	Year Built	Description	Reporting Marks	Casualty Marks
89	1991	3,870 cubic foot, 100 ton aluminum rapid discharge coal hopper railcars, manufactured by Bethlehem Steel.	CTRN 400001-400115, inclusive	CTRN 400002, 400007, 400008, 400013, 400014, 400023, 400031, 400032, 400034, 400037, 400044, 400049, 400058, 400059, 400064, 400066, 400069, 400074, 400083, 400086, 400094, 400098, 400102, 400103, 400106, 400114

EQUIPMENT

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
114	1993	4,000 cubic foot, 100 ton aluminum quadruple coal hopper cars, manufactured by Johnstown America.	CTRN 600001, 600003 – 600014, inclusive; 600016-600021, inclusive; 600027, 600029, 600034, 600035, 600071 – 600124, inclusive; 600126 – 600139, inclusive; 600141, 600144 – 600156, inclusive and 600158 – 600167, inclusive	CTRN 600102

EQUIPMENT

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
89	1993	4,000 cubic foot, 100 ton aluminum quadruple coal hopper cars, manufactured by Johnstown America.	CTRN 600002, 600015, 600022 – 600026, inclusive; 600028, 600030 – 600033, inclusive; 600036 – 600070, inclusive; 600125, 600140, 600142, 600143, 600157, 600168 – 600204, inclusive.	

EQUIPMENT

<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
575	1990	17,574 gallon, insulated and exterior coiled tank cars, manufactured by Trinity Industries.	STX 1500-2082, inclusive	STX 1526, 1605, 1662, 1669, 1697, 1702, 1737, 1869

EQUIPMENT

<u>#</u> <u>Cars</u>	<u>Year</u> <u>Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
146	1989	3,000 cubic foot cement covered hoppers railcars. 49 cars manufactured by Trinity Industries. 97 cars manufactured by Thrall Car.	CRDX 9200 – 9295, inclusive; 9376-9379, inclusive; 9300 – 9319, inclusive; 9380 – 9399, inclusive; 9370 – 9375, inclusive; 9296 – 9299, inclusive.	CRDX 9206, 9246, 9247, 9399

EXECUTION COPY

TERMINATION OF SECURITY AGREEMENT

THIS TERMINATION OF SECURITY AGREEMENT (this "Termination") is made this 29th day of May, 2001 between BABCOCK & BROWN RAIL FUNDING, LLC (the "Borrower") and BAYERISCHE HYPO-UND VEREINSBANK AG, as agent for the banks under the Credit Agreement (the "Agent").

WHEREAS, the Borrower, the banks party thereto and the Agent are parties to that certain Credit Agreement (the "Credit Agreement") dated as of December 1, 2000;

WHEREAS, the Borrower and the Agent are parties to that certain Security Agreement dated as of December 1, 2000, as supplemented by a Security Agreement Supplement No. 1 dated December 19, 2000 (the "Security Agreement");

WHEREAS, the Security Agreement created a lien and security interest in favor of Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower and the Agent are parties to that certain Memorandum of Mortgage dated December 19, 2000 (the "Memorandum of Mortgage");

WHEREAS, the Memorandum of Mortgage was duly filed for recordation with the Surface Transportation Board ("STB") pursuant to 49 U.S.C. Section 11301 on December 27, 2000 at 10:50 a.m. and given Recordation Number 23285; and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Security Agreement and the Memorandum of Mortgage and to record such termination and cancellation with the STB.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Security Agreement, effective as of the date this Termination is filed with the STB, and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement shall survive such termination and cancellation of the Security Agreement, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the date hereof and indemnities with respect to such acts, events or omissions.

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[Termination of Security Agreement]

2. The Borrower agrees to record this Termination with the STB so as to release any lien against the Units and Qualifying Leases created by or arising out of the Security Agreement.

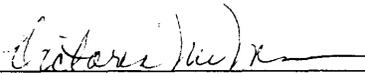
3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

* * *

[Termination of Security Agreement]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Agreement to be duly executed and delivered as of the date first above written.

BABCOCK & BROWN RAIL FUNDING
LLC

By: 
Name: VICTORIA MCHARUS
Title: VICE PRESIDENT

BAYERISCHE HYPO-UND
VEREINSBANK AG

By: 
Name: **Dr. Martin Wuerth**
Title: **Director**

By: 
Name:
Title: **Bernd Schaefer**
Director

[Termination of Security Agreement]

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this 21st day of May 2001, before me personally appeared Martin Wuertn and Bernd Schaefer, to me personally known, who being by me duly sworn, says that they are Directors of Bayerische Hypo-Und Vereinsbank AG, and that the foregoing Termination of Security Agreement was signed on behalf of said corporation. Further, they acknowledged that the execution of the foregoing Termination of Security Agreement was the free act and deed of said corporation.

Evel Evans

Notary Public

EVE L. EVANS
Notary Public, State of New York
No. 31-4952202
Qualified in New York County
Commission Expires June 12, 2001

(NOTARIAL SEAL)

My Commission Expires:

6-12-2001

[Termination of Security Agreement]

STATE OF NEW YORK)
COUNTY OF NEW YORK)

SS:

On this 24th day of MAY, 2001, before me personally appeared VICTORIA M^oMANUS to me personally known, who, being by me duly sworn, says that ~~she~~ is VICE PRESIDENT of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Agreement was signed on behalf of said corporation. Further, he acknowledged that the execution of the foregoing Termination of Security Agreement was the free act and deed of said corporation.


Notary Public

(NOTARIAL SEAL)

My Commission Expires:

NOVEMBER 13, 2002

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in Queens County
Commission Expires November 13, 2002

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: May 29, '01



Robert W. Alvord