

RECORDATION NO. 23285 FILED

DEC 27 '00 10:50 AM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

ALVORD AND ALVORD
ATTORNEYS AT LAW
1600 K STREET, NW
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

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

December 27, 2000

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 Memorandum of Mortgage, dated as of December 27, 2000, a primary document as defined in the Board's Rules for the Recordation of Documents.

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: Bayersiche Hypo-Und
Vereinsbank AG]

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

1013 railcars in five groups bearing CTRN, STSX and CDRX reporting marks and road numbers attached hereto.

Mr. Vernon A. Williams
December 27, 2000
Page Two

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

Memorandum of Mortgage between Babcock & Brown
Rail Funding LLC, Debtor, and Bayersiche Hypo-
Und Vereinsbank AG, Secured Party, covering 1013
railcars in five groups bearing CTRN, STSX and CDRX
reporting marks and road numbers attached hereto.

Also enclosed is a check in the amount of \$26.00 payable to the order of the
Surface Transportation Board covering the required recordation fee.

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

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	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
2	575	1990	17,574 gallon, insulated and exterior coiled tank cars, manufactured by Trinity Industries.	STSX 1500-2082, inclusive	STSX 1526, 1605, 1662, 1697, 1702, 1737, 1869, 1969
3	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	
4	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

5	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
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inclusive; 600125,
600140, 600142,
600143, 600157,
600168 – 600204,
inclusive

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Memorandum of Mortgage

SURFACE TRANSPORTATION BOARD

Memorandum of Mortgage, made and entered into as of December 27, 2000 between BABCOCK & BROWN RAIL FUNDING LLC (the "Debtor") and BAYERISCHE HYPO-UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, "Secured Party"). Terms used in this instrument have the meaning assigned thereto in the Security Agreement dated as of December 1, 2000 between the Secured Party and the Debtor.

WITNESSETH:

The undersigned have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease relating thereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING
LLC

By: Thomas Taggle
Name: THOMAS TAGGLE
Title: PRESIDENT

State of New York)

County of New York)

On this, the 19th day of December, 2000, before me, a Notary Public in and for said County and State, personally appeared Thomas M. Tuggle, who acknowledged himself to be a duly authorized officer of Babcock & Brown Rail Funding LLC, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



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

EQUIPMENT

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1. Amended and Restated Lease Agreement dated as of December 22, 1993, between Southern Pacific Transportation Company and The CIT Group/Equipment Financing, Inc.
 - 1.1. Lease Supplement No. 1 dated December 22, 1993, between Southern Pacific Transportation Company and The CIT Group/Equipment Financing, Inc.
 - 1.2. Lease Supplement No. 2 dated December 22, 1993, between Southern Pacific Transportation Company and The CIT Group/Equipment Financing, Inc.
2. Rail Car Lease Agreement dated as of April 28, 1993, between The CIT Group/Equipment Financing, Inc., and Southern Pacific Transportation Company.
 - 2.1. Supplement and Acceptance Certificate dated April 29, 1993, between The CIT Group/Equipment Financing, Inc., and Southern Pacific Transportation Company.
 - 2.2. Tax Indemnity Agreement dated as of April 28, 1993, between The CIT Group/Equipment Financing, Inc. and Southern Pacific Transportation Company.
3. Master Lease Agreement dated as of February 26, 1991, between The CIT Group/Equipment Financing, Inc., and Chicago Freight Car Leasing Co.
 - 3.1. Acceptance Supplement No. 00101 dated February 26, 1991, by The CIT Group/Equipment Financing, Inc., and Chicago Freight Car Leasing Co.
 - 3.2. First Amendment to Master Lease Agreement dated as of December 29, 1993, between The CIT Group/Equipment Financing, Inc., and Chicago Freight Car Leasing Co.
 - 3.3. Assignment and Security Agreement dated as of February 26, 1991, between The CIT Group/Equipment Financing, Inc., and Chicago Freight Car Leasing Co.
 - 3.4. Letter Agreement dated April 15, 1996, between The CIT Group/Equipment Financing, Inc., and Chicago Freight Car Leasing Co.
4. Railroad Equipment Lease dated as of October. 18, 1990, between The CIT Group/Equipment Financing, Inc., and Trinity Industries Leasing Company
 - 4.1. Acceptance Certificate to Master Railroad Equipment Lease No. 7060 delivered by The CIT Group/Equipment Financing, Inc., and Trinity Industries Leasing Company
 - 4.2. Letter Agreement dated December 4, 2000, from CIT Equipment Financing to Trinity Industries Leasing Company