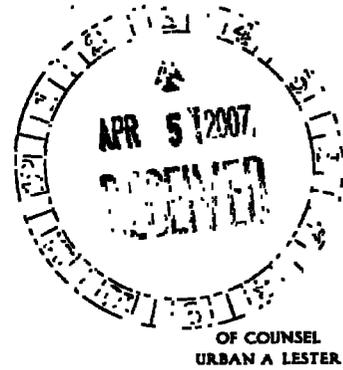


ALVORD AND ALVORD
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SUITE 301
WASHINGTON, D.C.

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

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(202) 393-2266
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April 5, 2007

RECORDATION NO. 26565-1 FILED

APR 05 '07 -12 20 PM

SURFACE TRANSPORTATION BOARD

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 two (2) copies of a Termination of Security Interest, dated as of April 5, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete termination and relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 26565.

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

Borrower: Babcock & Brown Rail Funding LLC
885 Second Avenue
49th Floor
New York, NY 10017

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

Mr. Vernon A. Williams
April 5, 2007
Page 2

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

25 covered hopper railcars: SWSX 60611 - SWSX 60620 and GBRX
65100 – GBRX 65114.

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

Termination of Security Interest.

Also enclosed is a check in the amount of \$34.00 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/sem
Enclosures

TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "Termination") is made this 5th day of April, 2007 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Borrower") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "Agent") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, the "Security Agreement"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

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

WHEREAS, the Borrower is party to those certain Memoranda of Mortgage described in Exhibit I hereto, each copy of which was duly filed with the Surface Transportation Board (the "STB") (the "Memoranda of Mortgage"); and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, 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 Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, effective as of the date this Termination is filed with the STB (the "Effective Date"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Security Agreement.

RECORDATION NO. 26565-12 FILED

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3. The Borrower and the Agent agree and reaffirm that the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to the Security Agreements and Exhibits A and B to the Memorandum of Mortgage that is not specified in Exhibit I hereto shall remain in full force and effect and shall not be released, terminated or cancelled by this Termination.

4. 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.

5. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Termination of Security Interest]

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

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: 
Name: Ross Sullivan
Title: Vice President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: _____
Name:
Title:

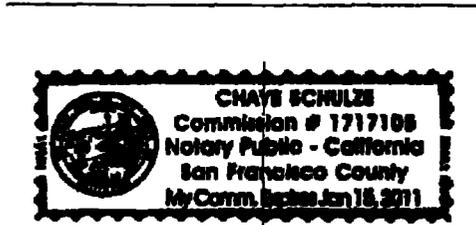
By: _____
Name:
Title:

[Termination of Security Interest]

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On ~~April~~ ^{March 29}, 2007, before me, Chaye Schulze, Notary Public, personally appeared Ross Sullivan, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.





Notary Public

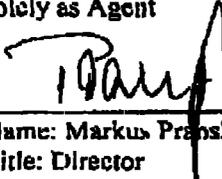
[Termination of Security Interest]

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

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

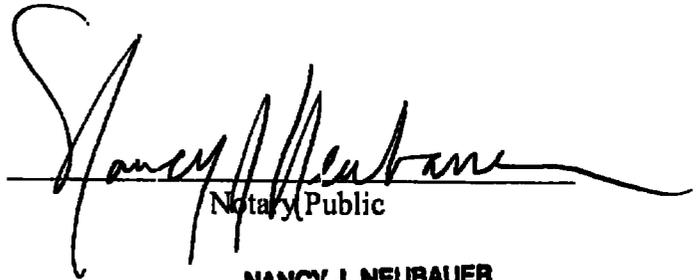
By:  _____
Name: Markus Pransky
Title: Director

By:  _____
Name: Erkan Yilmaz
Title:

[Termination of Security Interest]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Subscribed to me on this 2nd day of April, 2007 by Markus Pransky, Director of Bayerische Hypo- und Vereinsbank AG and Erkan Yilmaz, Director of Bayerische Hypo- und Vereinsbank AG.



Notary Public

NANCY J. NEUBAUER
Notary Public, State of New York
No. 01NE5041602
Qualified in New York County
Commission Expires April 10, 2007

[Notarial Seal]

[Termination of Security Interest]

Exhibit I to
Termination of Security Interest

<u>Security Agreement Supplement No. / Memorandum of Mortgage No.</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
36	110	2006	4520 CF Aluminum body BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR Car Type Code J311, built by FreightCar America, Inc.	BNBX 12000-120109, inclusive.	None
41	240	2006	RDVI® aluminum open top coal hopper railcars, 286,000 lbs. GRL; AAR Car Type Code K341; built by Trinity North American Freight Car, Inc.	GALX 06681-06800, inclusive; and RWSX 06271-06390, inclusive.	None
40	10	2006	3281 CF Covered Hoppers, 286,000 GRL. AAR Car Type Code C112. built in 2006 by Trinity North American Freight Car, Inc.	SWSX 60611-60620, inclusive.	None
40	15	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65100 - 65114, inclusive.	None

[Termination of Security Interest]

<u>Security Agreement Supplement No. / Memorandum of Mortgage No.</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
43	100	2006	5161 CF Covered Hoppers with gravity outlet gates and trough hatches, AAR Car Type Code C114, built in 2006 by Trinity North American Freight Car, Inc.	STLX 6200-6299, inclusive.	None
39	23	2006	4520 CF Aluminum body BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR Car Type Code J311, built by FreightCar America, Inc.	BNBX 120127, 120133, 120134, 120240, 120266, 120269-120278, inclusive; 120284-120286, inclusive; 120293, 120314, and 120328-120330, inclusive.	None
45	125	2006	4520 CF Aluminum body BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR Car Type Code J311, built by FreightCar America, Inc.	BNBX 120500-120624, inclusive	None
44	131	2006	5,188 cubic foot, 286,000 GRL, through-sill covered hopper railcars, AAR car type code C114, built by Gunderson-Concarril, S.A. de C.V.	BNSF 484000 – 484132, inclusive.	BNSF 484016 and 484017

[Termination of Security Interest]

<u>Security Agreement Supplement No. / Memorandum of Mortgage No.</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
44	267	2006	5,188 cubic foot, 286,000 GRL, through-sill covered hopper railcars, AAR car type code C114, built by Gunderson-Concarril, S.A. de C.V.	BNSF 484133 – 484399, inclusive.	None
46	50	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65290-65339, inclusive	None
46	75	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65340-65414, inclusive	None
47	20	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	SWSX 60621-60640, inclusive.	None
49	10	2006	3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112, built in 2006 by Trinity North American Freight Car, Inc.	AOK 65415-65424, inclusive.	None

[Termination of Security Interest]

<u>Security Agreement Supplement No. / Memorandum of Mortgage No.</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
53	35	2006	3281 CF Cement Covered Hopper Railcars with three (3) 30" circular loading hatches and two (2) Miner gravity discharge outlets with gaskets, 286,000 lbs. GRL, AAR Car Type Code C112, manufactured by Trinity North American Freight Car, Inc.	GBRX 65215-65249, inclusive.	None
53	40	2006	3281 CF Cement Covered Hopper Railcars with three (3) 30" circular loading hatches and two (2) Miner gravity discharge outlets with gaskets, 286,000 lbs. GRL, AAR Car Type Code C112, manufactured by Trinity North American Freight Car, Inc.	GBRX 65250-65289, inclusive	None
50	10	2006	3230 CF Pressure Differential Covered Hoppers, 286,000 GRL, AAR Car Type Code C612, built in 2006 by Trinity North American Freight Car, Inc.	GBRX 65020-65029, inclusive.	None

[Termination of Security Interest]

<u>Security Agreement Supplement No. / Memorandum of Mortgage No.</u>	<u># Cars</u>	<u>Year Built</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
46	90	2006	5161 CF Covered Hoppers with gravity outlet gates and trough hatches, AAR Car Type Code C114, built in 2006 by Trinity North American Freight Car, Inc.	CORX 1020-1109, inclusive	None

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:

4/5/07



Robert W. Alvord