

RECORDATION NO. 23541-A FILED

OCT 10 '01 : 1:28 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

October 10, 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 two (2) copies of a Termination of Security Interest, dated as of October 10, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage which was previously filed with the Board under Recordation Number 23541.

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

Borrower: Babcock & Brown Rail Funding, LLC
599 Lexington Avenue,
45th Floor
New York, New York 10022

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

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

One Thousand and Twenty (1020) railcars: bearing BCOL, BNSF, CEFX, FLIX and TIMX reporting marks and recordation numbers attached hereto.

Mr. Vernon A. Williams
October 10, 2001
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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 \$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

**Exhibit I to
Termination of Security Interest**

EQUIPMENT

| Lease # | # Cars | Year Built | Description | Reporting Marks | Casualty Marks |
|---------|--------|------------|---|--|---|
| 1 | 175 | 2000 | 105 Ton, 50'6" Plate F, 286,000 GRL, double door boxcars, manufactured by Trinity Industries. | BNSF 728225-728399, inclusive. | None. |
| 2 | 47 | 1996 | 73' 110 Ton, 286,000 GRL, Centerbeam lumber flatcars, manufactured by National Steel Car Manufacturing. | BCOL 873600-873614, inclusive; 873616-873634, inclusive; 873636-873639, inclusive; and 873641-873649, inclusive. | None. |
| 3 | 394 | 1996 | 111 Ton, 286,000 GRL, 5,161 CF Grain covered hopper railcars, manufactured by Trinity Industries. | FLIX 3500-3899, inclusive. | FLIX 3502, 3551, 3614, 3769, 3857, 3865 |
| 4 | 359 | 1999 | 4,300 CF, 286,000 GRL Aluminum coal hopper railcars, manufactured by Johnstown America. | CEFX 60360-60719, inclusive. | CEFX 60527 |
| 5 | 27 | 1998 | 6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries. | TIMX 62013, 62014, and 62020-62044, inclusive. | None. |
| 6 | 18 | 1998 | 6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries. | TIMX 62000-62012, inclusive; and 62015-62019, inclusive. | None. |

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TERMINATION OF SECURITY INTEREST SURFACE TRANSPORTATION BOARD

THIS TERMINATION OF SECURITY INTEREST (this "**Termination**") is made this 10th day of October, 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**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings in the Credit Agreement (as defined below).

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 (the "**Original Security Agreement**"), as supplemented by Security Agreement Supplement No. 1 dated December 19, 2000 ("**Security Agreement Supplement No. 1**") and Security Agreement Supplement No. 2 dated as of June 29, 2001 ("**Security Agreement Supplement No. 2**"), and together with the Original Security Agreement and Security Agreement Supplement No. 1, the "**Supplemented Security Agreement**";

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 1 were terminated and released pursuant to that certain Termination of Security Agreement dated May 29, 2001 ("**Termination No. 1**") between the Borrower and the Agent, which Termination No. 1 was duly filed for recordation with the Surface Transportation Board ("**STB**") pursuant to 49 U.S.C. Section 11301 on May 29, 2001 at 4:39 p.m. and given Recordation Number 23285-A;

WHEREAS, the Supplemented 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 Supplemented Security Agreement);

WHEREAS, the Borrower and the Agent are parties to that certain Memorandum of Mortgage dated as of June 29, 2001 (the "**Memorandum of Mortgage**");

WHEREAS, the Memorandum of Mortgage was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on June 29, 2001 at 3:34 p.m. and given Recordation Number 23541; 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 to Security Agreement Supplement No. 2 and Exhibits A and B to the Memorandum 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:

[Termination of Security Interest]

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 to Security Agreement Supplement No. 2 and Exhibits A and B to the Memorandum 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 Supplemented Security Agreement in relation to the property described in Schedule I to Security Agreement Supplement No. 2 and Exhibits A and B to the Memorandum 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 to Security Agreement Supplement No. 2 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Supplemented 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 to Security Agreement Supplement No. 2 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Supplemented 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.

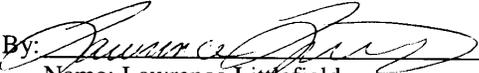
4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[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: Lawrence Littlefield
Title: Vice President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**

By: _____
Name:
Title:

By: _____
Name:
Title:

[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**

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

By:  _____
Name:
Title: **Paul J. Colatrella
Director**

[Termination of Security Interest]

STATE OF New York

) SS:

COUNTY OF ~~Nassau~~ *New York*

On this 26 day of September 2001, before me personally appeared Bernd Schaefer and Paul Colatrella, to me personally known, who being by me duly sworn, says that he is signatories of Bayerische Hypo- und Vereinsbank AG, and that the foregoing Termination of Security Interest was signed on behalf of said corporation. Further, he acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said corporation.

Jon D. Karnofsky

Notary Public

(NOTARIAL SEAL)

My Commission Expires:

JON D. KARNOFSKY
Notary Public, State of New York
No. 30-4514328
Qualified in Nassau County
Term Expires August 31, 2005

[Termination of Security Interest]

STATE OF New York

COUNTY OF ~~Nassau~~ *New York* SS:

On this 26 day of September 2001, before me personally appeared Bernd Schaefer and Paul Colatrella, to me personally known, who being by me duly sworn, says that he is signatories of Bayerische Hypo- und Vereinsbank AG, and that the foregoing Termination of Security Interest was signed on behalf of said corporation. Further, he acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said corporation.

Jon D. Karnofsky

Notary Public

(NOTARIAL SEAL)

My Commission Expires:

JON D. KARNOFSKY
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Term Expires August 31, 2005

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| 5 | 27 | 1998 | 6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries. | TIMX 62013, 62014, and 62020-62044, inclusive. | None. |
| 6 | 18 | 1998 | 6,221 CF, 286,000 GRL, Plastic covered hopper railcars, manufactured by Trinity Industries. | TIMX 62000-62012, inclusive; and 62015-62019, inclusive. | None. |

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

1. Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.
2. Schedule No. 02 to Master Net Railcar Lease made as of June 4, 2001, and effective as of March 1, 2000, entered into by and between The CIT Group/Equipment Financing, Inc. and The Burlington Northern Santa Fe Railway Company.
3. Memorandum of Net Railcar Lease dated as of June 4, 2001, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.
4. Master Railcar Lease made as of July 16, 1998, between The CIT Group/Equipment Financing, Inc. and BC Rail Partnership.
5. Rider No. 01 to Master Railcar Lease made as of July 16, 1998, between The CIT Group/Equipment Financing, Inc. and BC Rail Partnership.
6. Memorandum of Railcar Lease dated as of July 16, 1998, between The CIT Group/Equipment Financing, Inc. and BC Rail Partnership.
7. Internal Memorandum from The CIT Group/Equipment Financing, Inc. dated June 22, 1998, indicating acceptability of the indemnification provision of the Master Railcar Lease made as of July 16, 1998.
8. Letter from BC Rail Partnership to The CIT Group/Equipment Financing dated as of May 22, 1997, describing the risk retention and insurance program for British Columbia Company, its divisions and subsidiaries.
9. Railroad Car Net Lease Agreement dated June 26, 1995 between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and Farmland Industries, Inc.
10. Rider One to Railroad Car Net Lease Agreement dated October 30, 1995 between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and Farmland Industries, Inc.
11. Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.
12. Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

[Termination of Security Interest]

13. Schedule No. 01 to Master Net Railcar Lease made as of April 5, 2001, and effective as of April 27, 1999, entered into by and between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

14. Memorandum of Master Net Railcar Lease dated as of April 5, 2001, between The CIT Group/Equipment Financing, Inc. and The Burlington Northern and Santa Fe Railway Company.

15. Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Inc.

16. Rider One to Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Inc.

17. Amendment No. 1 to Rider One to Railcar Net Lease Agreement dated as of June 27, 2001, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics, Inc.

18. Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, entered into by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.

19. Railroad Car Net Lease Agreement dated March 31, 1998, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Corporation.

20. Rider One to Railroad Car Net Lease Agreement dated July 9, 1999, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Corporation.

21. Amendment No. 1 to Rider One to Railcar Net Lease Agreement dated as of June 27, 2001, between The CIT Group/Equipment Financing, Inc. (as assignee of Trinity Industries Leasing Company) and AT Plastics Corporation.

22. Memorandum of Lease and Assignment of Lease dated as of September 29, 2000, entered into by and between Trinity Industries Leasing Company, as assignor and The CIT Group/Equipment Financing, Inc. as assignee.