

RECORDATION NO. 21974-F FILED

OCT 10 '01 : 1:57 PM

SURFACE TRANSPORTATION BOARD

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

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 Mortgage, 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 Chattel Mortgage which was previously filed with the Board under Recordation Number 21974-E.

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

Mortgagee:	The CIT Group/Equipment Financing, Inc. 1211 Avenue of the Americas New York, New York 10036
Mortgagor:	Babcock & Brown Rail Funding, LLC 599 Lexington Avenue, 45 th Floor New York, New York 10022

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

Three hundred and fifty eight (358) coalporter cars: NORX 4000 - NORX 4359 inclusive, but excluding NORX 4174 and NORX 4244.

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 Mortgage.

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,

A handwritten signature in black ink, appearing to read "Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 21974-F FILED

OCT 10 '01 : 1:57 PM

TERMINATION OF MORTGAGE SURFACE TRANSPORTATION BOARD

THIS TERMINATION OF MORTGAGE dated as of October 10, 2001, (this "Termination Agreement") is between The CIT Group/Equipment Financing, Inc., a Delaware corporation, with an office at 1211 Avenue of the Americas, New York, NY 10036 ("CIT"), and Babcock & Brown Rail Funding LLC, a Delaware limited liability company, with an office at 599 Lexington Avenue, New York, NY 10022 ("BBRF"). Capitalized terms used herein without definition shall have the meaning ascribed thereto in the Mortgage (as defined below).

WHEREAS, BBRF, as mortgagor, and CIT, as, mortgagee, have entered into that certain Mortgage dated as of September 28, 2001 (as amended, modified or supplemented, the "Mortgage"), pursuant to which BBRF granted a security interest in all of BBRF's right, title and interest in and to the railcars described in Schedule 1 hereto (the "Equipment"), the railcar equipment lease described in Schedule 1 hereto relating to the Equipment (as amended, modified or supplemented, the "Lease") and other property related thereto, all as more fully described in the Mortgage (the foregoing, collectively, the "Mortgaged Property").

WHEREAS, BBRF and CIT are parties to that certain Memorandum of Chattel Mortgage on Railcar Equipment and Assignment of Security Interest in Railcar Equipment Lease dated as of September 28, 2001 (the "Memorandum of Mortgage"), which Memorandum of Mortgage was duly filed for recordation with the Surface Transportation Board ("STB") pursuant to 49 U.S.C. Section 11301 on September 28, 2001 at 3:57 p.m. E.D.T. and given recordation number 21974-E.

WHEREAS, BBRF and CIT now desire to terminate and cancel CIT's security interest in and mortgage lien upon the Mortgaged Property 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, BBRF and CIT, intending to be legally bound, agree as follows:

1. BBRF and CIT hereby terminate and cancel CIT's security interest in and mortgage lien upon the Mortgaged Property, effective as of the date this Termination Agreement is filed with the STB (the "Effective Date") and BBRF and CIT hereby agree that all rights, duties and obligations of the parties under the Mortgage in relation to the Mortgaged Property are hereby terminated and cancelled, effective as of the Effective Date, except such rights, duties and obligations that are expressly stated in the Mortgage to survive such termination and cancellation.

2. CIT agrees to record this Termination Agreement with the STB so as to release its security interest in and mortgage lien upon the Mortgaged Property created by or arising out of the Mortgage.

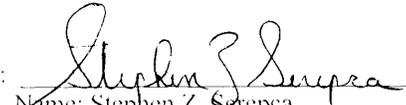
3. This Termination Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

4. This Termination Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to principles of conflicts of law (other than Title 14 of Article 5 of the General Obligations Law). This Termination Agreement is being delivered in the State of New York.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Termination Agreement to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: 
Name: Stephen Z. Serepca
Title: Senior Vice President

BABCOCK & BROWN RAIL FUNDING LLC

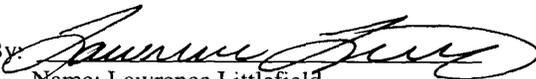
By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Termination Agreement to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____
Name:
Title:

BABCOCK & BROWN RAIL FUNDING LLC

By: 
Name: Lawrence Littlefield
Title: Vice President

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

On this 2nd day of October, 2001, before me personally appears Stephen Z. Serepea, to me personally known, who by me duly sworn, says that he/she is the senior Vice President of THE CIT GROUP/EQUIPMENT FINANCING, INC., ("CIT"), that the foregoing instrument was signed on behalf of said corporation, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

[SEAL]

My Commission expires:

BARBARA GARNER
Notary Public, State of New York
No. 010A3065103
Qualified in Nassau County
Certificate filed in New York County
Commission Expires Sept. 9, 2002

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

On this ____ day of October, 2001, before me personally appears _____, to me personally known, who by me duly sworn, says that he/she is the _____ of BABCOCK & BROWN RAIL FUNDING LLC, ("Babcock"), that the foregoing instrument was signed on behalf of said limited liability company, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

[SEAL]

My Commission expires:

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

On this ___ day of October, 2001, before me personally appears _____, to me personally known, who by me duly sworn, says that he/she is the _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., ("CIT"), that the foregoing instrument was signed on behalf of said corporation, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

[SEAL]

My Commission expires:

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

On this 3rd day of October, 2001, before me personally appears Lawrence Littlefield, to me personally known, who by me duly sworn, says that he is the Vice President of BABCOCK & BROWN RAIL FUNDING LLC, ("Babcock"), that the foregoing instrument was signed on behalf of said limited liability company, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Jennifer Moreno

Notary Public

[SEAL]

My Commission expires:

Jennifer Moreno
Notary Public, State of New York
No. 01MO6036946
Qualified in Queens County
Commission Expires January 2002

NYC1 #417874 v2

[Term. Mtg. ELGIN]

**SCHEDULE 1
TO TERMINATION OF MORTGAGE
DATED AS OF OCTOBER 10, 2001**

EQUIPMENT

Three hundred fifty-eight (358) Aluminum BethGon™ Coalporter Railcars marked NORX 4000 through 4173 (both inclusive), NORX 4175 through 4243 (both inclusive) and NORX 4245 through 4359 (both inclusive).

LEASE

Railcar Equipment Lease, dated December 1, 1998, between Babcock & Brown Rail Funding LLC (as assignee of The CIT Group/Equipment Financing, Inc.), as lessor, and Northern Indiana Public Service Company, as lessee.

NYC1 #417893 v4

NYC1 #417893 v4

[Term. Mtg. NIPSCO]