

RECORDATION NO. 23919A FILED

MAY 09 '02

1-50 PM

**SURFACE TRANSPORTATION BOARD**

OF COUNSEL  
URBAN A. LESTER

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.  
20036  
\_\_\_\_\_  
(202) 393-2266  
FAX (202) 393-2156  
E-MAIL alvordlaw@aol.com

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

May 9, 2002

Julia Farr, Esq.  
Office of Proceedings  
Surface Transportation Board  
Washington, D.C. 20423

Dear Ms. Farr:

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 May 9, 2002, 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 23919.

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

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

Julia Farr, Esq.  
May 9, 2002  
Page 2

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

- One hundred and ten (110) open top hopper railcars bearing JTSX reporting marks and road numbers 300115 through 300224, inclusive,
- and
- Twenty-five (25) covered hopper railcars bearing RGCX reporting marks and road numbers 1118 through 1142, inclusive.

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 \$30.00 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

RECORDATION NO. 23919-A FILED

MAY 09 '02

1-50 PM

TERMINATION OF SECURITY INTEREST

**SURFACE TRANSPORTATION BOARD**

**THIS TERMINATION OF SECURITY INTEREST** (this "**Termination**") is made this 9th day of May, 2002 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**"), Security Agreement Supplement No. 2 dated as of June 29, 2001 ("**Security Agreement Supplement No. 2**"), Security Agreement Supplement No. 3 dated March 28, 2002 ("**Security Agreement Supplement No. 3**") and Security Agreement Supplement No. 4 dated April 30, 2002 ("**Security Agreement Supplement No. 4**"); together with the Original Security Agreement, Security Agreement Supplement No. 1, Security Agreement Supplement No. 2 and Security Agreement Supplement No. 3, collectively, 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 lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 2 were terminated and released pursuant to that certain Termination of Security Interest dated October 10, 2001 ("**Termination No. 2**") between the Borrower and the Agent, which Termination No. 2 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on October 10, 2001 at 1:28 p.m. and given Recordation Number 23541-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 March 28, 2002 (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 March 28, 2002 at 3:37 p.m. and given Recordation Number 23919; and

[Termination of Security Interest]

**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. 3 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:

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. 3 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. 3 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. 3 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. 3 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**, not in its individual  
capacity except as expressly provided herein, but  
solely as Agent

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**, not in its individual  
capacity except as expressly provided herein,  
but solely as Agent

By: Step Niggel  
Name: Stephan Niggel  
Title: MD

By: Martin Tobler  
Name: MARTIN TOBLER  
Title: AVP

[Termination of Security Interest]

STATE OF New York )

) SS:

COUNTY OF New York )

On this 6<sup>th</sup> day of May, 2002, before me personally appeared Lawrence Littlefield, to me personally known, who, being by me duly sworn, says that he is Vice President of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Interest was signed on behalf of said limited liability corporation. Further, he acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said limited liability corporation.

  
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

\_\_\_\_\_

*Jennifer Moreno*  
*Notary Public, State of New York*  
*Nb. 01 MO6036346*  
*Qualified in Queens County*  
*Commission Expires January 24, 2004*

[Termination of Security Interest]

STATE OF New York            )  
  )    SS:  
COUNTY OF New York        )

Subscribed to me on this 8th day of May 2002 by Stefan Niggel, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Assistant Vice President of Bayerische Hypo- und Vereinsbank AG.

  
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

October 31, 2002

**MICHELLE N. SCOLLO**  
Notary Public, State of New York  
No. 81-5035385  
Qualified in New York County  
Commission Expires 10/31/20 02

**Exhibit I to  
Termination of Security Interest**

**EQUIPMENT**

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	25	1998	3,260 CF two-pocket covered hopper railcars, manufactured by Trinity Industries.	RGCX 1118-1142, inclusive.	None.
2	110	1993	4,000 CF 286,000 GRL aluminum open top hopper railcars, manufactured by Trinity Industries.	JTSX 300115-300224, inclusive.	None.

**LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS**

Lease No. 1 – Lone Star

Railcar Net Leasing Agreement dated February 12, 1998, between Joseph Transportation Services, Inc. (as assignee of Rio Grande Chemical Sales Company) and Lone Star Industries, Inc.

Exhibit A Rider 2 to Railcar Net Leasing Agreement dated September 2, 1998.

Addendum #1 to Rider 2 to Railcar Net Leasing Agreement dated February 8, 1999.

Assignment and Assumption Agreement dated as of December 18, 2001, between Rio Grande Chemical Sales Company and Joseph Transportation Services, Inc.

Memorandum of Assignment and Assumption Agreement made and entered into as of December 18, 2001, between Rio Grande Chemical Sales Company and Joseph Transportation Services, Inc.

Bill of Sale dated as of December 20, 2001, by Rio Grande Chemical Sales Company in favor of Joseph Transportation Services.

Lease No. 2 - Marathon

Railroad Equipment Lease dated as of January 23, 2002, between Joseph Transportation Services, Inc. and Marathon Ashland Petroleum, LLC.

Memorandum of Railroad Equipment Lease entered into January 23, 2002 between Joseph Transportation Services, Inc. and Marathon Ashland Petroleum, LLC.

Bill of Sale dated as of January 25, 2002, by National City Leasing Corporation in favor of Joseph Transportation Services, Inc.

Certificate of Acceptance dated as of February 14, 2002, covering 29 Aluminum Open Top Hoppers.

Certificate of Acceptance dated as of March 1, 2002, covering 39 Aluminum Open Top Hoppers.

Certificate of Acceptance dated as of March 15, 2002, covering 40 Aluminum Open Top Hoppers.

Certificate of Acceptance dated as of March 27, 2002, covering 2 Aluminum Open Top Hoppers.

**CERTIFICATION**

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy of a Termination of Security Interest with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: May 9, 2002

Edward M. Luria  
Edward M. Luria