

RECORDATION NO. 24550-D FILED

AUG 12 '03

11-50 AM

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SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

August 12, 2003

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 (Trust Indenture), dated as of August 12, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Assignment and Assumption Agreement being filed with the Board under Recordation Numbers 24550 and 24550-A.

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

Head Lessor:	Lloyds TSB Equipment Leasing (No. 5) Limited c/o Lloyds TSB Leasing 25 Gresham Street London EC2V 7HN England
Head Lessee:	North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing) c/o Babcock & Brown LP 230 Park Avenue New York, NY 10169

MR. VERNON A. WILLIAMS

Mr. Vernon A. Williams
August 12, 2003
Page Two

Indenture Trustee: Wells Fargo Bank Northwest N.A.
79 South Main Street
Salt Lake City, UT 84111

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

50 flatcars AOK 21530 – AOK 21579
385 boxcars UP 354615 – UP 354999

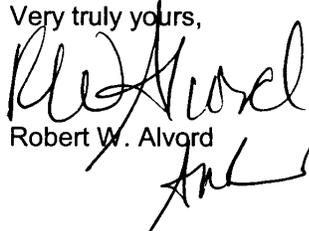
A short summary of the document to appear in the index follows:

Memorandum of Mortgage (Trust Indenture)

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 one stamped copy of the enclosed documents to the undersigned.

Very truly yours,


Robert W. Alvord

RWA/anr
Enclosures

MEMORANDUM OF MORTGAGE (TRUST INDENTURE) SURFACE TRANSPORTATION BOARD

Memorandum of Mortgage (Trust Indenture), made and entered into as of August 12, 2003 by **NORTH AMERICA RAIL LEASING #2 LLC** (d/b/a Babcock & Brown Rail Leasing) ("Head Lessee") and **LLOYDS TSB EQUIPMENT LEASING (NO. 5) LIMITED** ("Head Lessor") in favor of **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, as Indenture Trustee under the Trust Indenture referred to below (together with its successors and permitted assigns, the "**Indenture Trustee**"). Terms used in this instrument have the meanings assigned thereto (whether by reference to another document or otherwise) in that certain Trust Indenture and Security Agreement (BBRL II) dated as of August 7, 2003 (as amended, modified or supplemented, the "**Trust Indenture**") among the Head Lessor, as assignee of BBRM Sub #1 LLC, Head Lessee, the Indenture Trustee and HSH Nordbank AG, New York Branch, as Initial Lender, or if not defined therein, in the Title Mortgage referred to below.

W I T N E S S E T H:

Head Lessor, as assignee of BBRM Sub #1 LLC, and Head Lessee have entered into the Trust Indenture, by which Head Lessor and Head Lessee (or either of them, as the case may be) have granted to the Indenture Trustee, in order to secure the obligations set forth in the Trust Indenture, a first priority security interest in, *inter alia*, all of their right, title and interest in, to and under:

- (a) certain railroad equipment bearing report attached hereto (collectively, the "Units"); A
- (b) each lease referred to on Exhibit B attached or supplemented, collectively, the "Initial Leases") and any Lessee or the Head Lessor with respect to the Units; STB
copy ad
- (c) that certain Master Railcar Head Lease Agreement (BBRL II) dated as of August 7, 2003, as amended, modified or supplemented, by which Head Lessor has leased the Units to Head Lessee, and Head Lessee has leased the Units from Head Lessor, in each case subject to the Initial Leases; and
- (d) that certain Title Mortgage (BBRL II) dated as of August 7, 2003 (as amended, modified or supplemented, the "Title Mortgage"), by which BBRM Title Holding SPC #2 LLC has granted to Head Lessor, as assignee of BBRM Sub #1 LLC, a first priority security interest in, *inter alia*, all of its right, title and interest in, to and under the Units and the Initial Leases.

IN WITNESS WHEREOF, each of Head Lessor and Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: 
Name: Lawrence E. Littlefield
Title: Vice President

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED,
as Head Lessor**

By: _____
Name:
Title:

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the 11th day of August in the year 2003 before me personally came Lawrence E. Littlefield to me known, who, being by me duly sworn, did depose and say that he is the Vice President (duly appointed) of North America Rail Leasing #2 LLC, the entity described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.


Notary Public

[Notarial Seal]

Jennifer Moreno
Notary Public, State of New York
No. 01M06036946
Qualified in Queens County
Commission Expires January 24, 2006

IN WITNESS WHEREOF, each of Head Lessor and Head Lessee has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**NORTH AMERICA RAIL LEASING #2
LLC (d/b/a Babcock & Brown Rail
Leasing),
as Head Lessee**

By: _____
Name:
Title:

**LLOYDS TSB EQUIPMENT LEASING
(NO. 5) LIMITED,
as Head Lessor**

By: 
Name: Owen Harrington
Title: Attorney-in-Fact

[Memorandum of Mortgage-Indenture (BBRL II)]

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the 11th day of August in the year 2003 before me personally came Owen Harrington to me known, who, being by me duly sworn, did depose and say that he/she/they reside(s) at 25 Gresham Street, London EC2V 7HN that he/she/they is (are) the Attorney in fact ([president or other officer or director or attorney in fact] duly appointed) of the Lloyds TSB Equipment Leasing (No.5) Limited the corporation described in and which executed the above instrument; and that he/she/they signed his/her their name(s) thereto by authority of the board of directors of said corporation.

FRANCIS BYLIN
NOTARY PUBLIC, State of New York
No. 0187686796
Certificate Filed in New York County
Commission Expires March 17, 2011



Notary Public

[Notarial Seal]

EXHIBIT A

UNITS

<u>Quantity</u>	<u>Equipment Description</u>	<u>Reporting Marks and Numbers</u>
50	73' 0" 110-ton Centerbeam Car Plate C 286,000 lb Gross Rail Load	AOK 21530-21579, inclusive
385	60' 9" Plate F Boxcar, 286,000 lb Gross Rail Load with 15" End of Car Cushioning, Double 8' 0" x 12' 4" Plug Doors	UP 354615-354999, inclusive

EXHIBIT B

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease No. 1 – BC Rail Partnership

Lease Agreement made as of March 1, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Schedule No. 3 to Lease Agreement made as of January 1, 2003, between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Memorandum of Lease Agreement made and entered into as of January 1, 2003, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and BC Rail Partnership.

Certificate of Acceptance dated April 2, 2003 executed by BC Rail Partnership relating to the railcars listed therein.

Bills of Sale dated January 15, 2003 and January 31, 2003, from TrentonWorks Limited to Greenbrier Leasing Corporation and the Certificates of Acceptance executed by Greenbrier Leasing Corporation to the railcars identified in each Bill of Sale.

Lease No. 2 – Union Pacific Railroad Company

Master Lease Agreement made as of September 30, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company.

Rider No. 1 to Master Lease Agreement dated as of September 30, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Amendment No. 1 to Lease Rider No. 1 entered into effective on February 25, 2003, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Memorandum of Master Lease Agreement and Rider No. 1 made and entered into as of September 30, 2002, by and between the Seller, as assignee of Greenbrier Leasing Corporation, and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Schedule 2 hereof.

Certificate of Acceptance dated as of April 24, 2003 executed by Union Pacific Railroad Company related to the railcars listed therein.

Bill of Sale dated April 23, 2003 from Gunderson, Inc. to Greenbrier Leasing Corporation and the Certificate of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in such Bill of Sale.

Letter Agreement dated April 25, 2003, between the Seller and Greenbrier Leasing Corporation.

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 Memorandum of Mortgage (Trust Indenture) with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: August 12, 2003

Edward M. Luria
Edward M. Luria