

RECORDATION NO. 24937-A FILED

MAY 20 '04 3-49 PM

SURFACE TRANSPORTATION BOARD

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

May 20, 2004

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 May 20, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 24937.

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

Debtor:	Babcock & Brown Rail Funding LLC 230 Park Avenue New York, NY 10169
Secured Party:	Bayerische Hypo-Und Vereinsbank AG, Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany

Mr. Vernon A. Williams
May 20, 2004
Page Two

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

150 boxcars AOK 120000 – AOK 120149
200 flatcars BNSF 562675 – BNSF 562874

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

EXECUTION COPY

TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "**Termination**") is made this 20th day of May, 2004 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, including, without limitation, as supplemented by Security Agreement Supplement No. 7 dated April 30, 2004 ("**Security Agreement Supplement No. 7**"), 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 and the Agent are parties to that certain Memorandum of Mortgage, dated as of April 30, 2004, a copy of which was duly filed with (i) the Surface Transportation Board (the "**STB**") on April 30, 2004 at 4:09 p.m. EDT under Recordation Number 24937 and (ii) the Registrar General of Canada (the "**RGC**") (the "**Memorandum 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 to Security Agreement Supplement No. 7, 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 and the RGC.

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. 7 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 and the RGC (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 to Security Agreement Supplement No. 7 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. 7 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 Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

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2. The Borrower and the Agent agree to record this Termination with the STB and the RGC so as to release any security interest in and mortgage lien upon the property described in Schedule I to Security Agreement Supplement No. 7 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the 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.

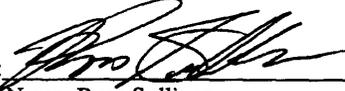
4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[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: 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:

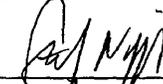
[Termination of Security Interest]

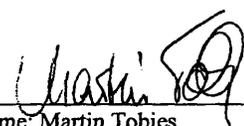
IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**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: Stefan Niggel
Title: Managing Director

By:  _____
Name: Martin Tobies
Title: Vice President

[Termination of Security Interest]

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

Subscribed to me on this 20th day of May, 2004 by Stefan Niggel, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische Hypo- und Vereinsbank AG.

Annette Bunzel
Notary Public

(NOTARIAL SEAL)

ANNETTE BUNZEL
Notary Public, State of New York
No. 24-4800680
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires April 30, 20 07

My Commission Expires:

April 30, 2007

[Termination of Security Interest]

**Exhibit I to
Termination of Security Interest**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	150	2003	AAR Code B617, 60' Plate E Boxcars with two 8' sliding doors; 286,000 GRL, built by Gunderson-Concarril, S.A. de C.V.	AOK 120000-120149, inclusive	None
2	5	2003	AAR Code F483, 73' Centerbeam Flatcars with riserless deck; 286,000 GRL built by American Railcar Industries, Inc.	BNSF 562675-562678, inclusive; BNSF 562680	None
	195	2004	AAR Code F483, 73' Centerbeam Flatcars with riserless deck; 286,000 GRL built by American Railcar Industries, Inc.	BNSF 562679, 562681-562874, inclusive	None

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

1. Lease Agreement made as of March 1, 2002, by and between Greenbrier Leasing Corporation and BC Rail Partnership.
2. Schedule No. 4 to Lease Agreement made as of September 1, 2003, by and between Greenbrier Leasing Corporation and BC Rail Partnership.
3. Memorandum of Lease Agreement and Schedule No. 4, made and entered into as of September 1, 2003, by and between Greenbrier Leasing Corporation and BC Rail Partnership.
4. Bill of Sale dated January 25, 2004, from Greenbrier-Concarril, LLC to Greenbrier Leasing Corporation.
5. Bill of Sale dated April 30, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
6. Purchase Agreement [GLC] dated as of April 30, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
7. Assignment and Assumption Agreement, dated as of April 30, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
8. Notice and Acknowledgment dated April 16, 2004, made by Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC to BC Rail Partnership, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
9. Notice Pursuant to Notice and Acknowledgment dated April 30, 2004, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to BC Rail Partnership, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
10. Warranty Assignment [BC Rail] dated as of April 30, 2004, between Greenbrier Leasing Corporation, as assignor thereunder, and Babcock & Brown Rail Funding LLC, as assignee thereunder, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
11. Manufacturer's Consent dated April 30, 2004, made by Gunderson-Concarril S.A. de C.V. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
12. Railcar Service Agreement [BC Rail] dated as of April 30, 2004, between Greenbrier Management Services, LLC and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

[Termination of Security Interest]

13. Lease Agreement dated as of September 1, 2000, by and between Greenbrier Leasing Corporation and its assigns and The Burlington Northern and Santa Fe Railway Company.
14. Rider No. 10 to Lease Agreement entered into effective December 1, 2003, between Greenbrier Leasing Corporation and its assigns and The Burlington Northern and Santa Fe Railway Company.
15. Memorandum of Lease Agreement for Rider No. 10 dated as of December 1, 2003, by and between Greenbrier Leasing Corporation and The Burlington Northern and Santa Fe Railway Company.
16. Bill of Sale dated April 13, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation.
17. Bill of Sale dated April 30, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
18. Purchase Agreement [GLC] dated as of April 30, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
19. Assignment and Assumption Agreement, dated as of April 30, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
20. Notice and Acknowledgment dated April 30, 2004, made by Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC to The Burlington Northern and Santa Fe Railway Company, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
21. Notice Pursuant to Notice and Acknowledgment dated April 30, 2004, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to The Burlington Northern and Santa Fe Railway Company, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
22. Warranty Assignment [BNSF] dated as of April 30, 2004, between Greenbrier Leasing Corporation, as assignor thereunder, and Babcock & Brown Rail Funding LLC, as assignee thereunder, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.
23. Manufacturer's Consent dated April 30, 2004, made by American Railcar Industries, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

Exhibit I
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[Termination of Security Interest]

24. Railcar Service Agreement [BNSF] dated as of April 30, 2004, between Greenbrier Management Services, LLC and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

25. Letter Agreement dated April 30, 2004, made by Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Borrower now has rights therein or such rights shall hereafter be acquired by it.

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: _____

May 20, 2004



Robert W. Alvord