

RECORDATION NO. 25349 FILED

DEC 16 '04 4-31 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

December 16, 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 Memorandum of Mortgage, dated as of December 16, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

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
December 16, 2004
Page Two

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

230 railcars AOK 29350 – AOK 29579

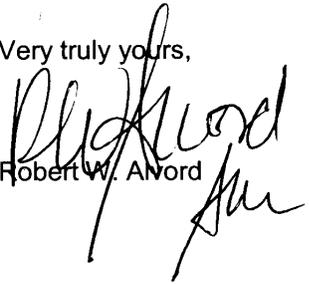
A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$32.00 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. Anord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD
EXECUTION COPY

MEMORANDUM OF MORTGAGE

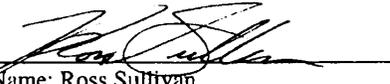
Memorandum of Mortgage, made and entered into as of December 16, 2004 between BABCOCK & BROWN RAIL FUNDING LLC (the "**Debtor**") and BAYERISCHE HYPO-UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 17 dated the date hereof, the "**Security Agreement**") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

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

BABCOCK & BROWN RAIL FUNDING LLC

By 
Name: Ross Sullivan
Title: Vice President

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	50	2004	73' Centerbeam flatcars, AAR Car Type Code F483, 286,000 lbs. GRL, manufactured by American Railcar Industries	AOK 29450-29499, inclusive	None
2	180	2004	73' Centerbeam flatcars, AAR Car Type Code F483, 286,000 lbs. GRL, manufactured by American Railcar Industries	AOK 29350-29449 and 29500-29579, inclusive	None

**Exhibit B
to Memorandum of Mortgage**

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #

1. Lease Agreement made as of March 1, 2002, by and between Greenbrier Leasing Corporation and BC Rail Partnership, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Second Amended and Restated Schedule No. 6 to Lease Agreement made as of June 1, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Second Amended and Restated Memorandum of Lease Agreement and Second Amended and Restated Schedule No. 6, made and entered into as of June 1, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Bill of Sale dated September 1, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation, and each Certificate of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in such Bill of Sale.

Certificate of Acceptance dated December 16, 2004 executed by BC Rail Partnership, in respect of the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Bill of Sale dated December 16, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Purchase Agreement [GLC] dated as of December 16, 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 A hereto.

Assignment and Assumption Agreement, dated as of December 16, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Notice and Acknowledgment dated December 15, 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 A hereto.

Notice Pursuant to Notice and Acknowledgment dated December 16, 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 A hereto.

Warranty Assignment [BC Rail #1] dated as of December 16, 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 A hereto.

Manufacturer's Consent dated December 14, 2004, made by American Railcar Industries, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Railcar Service Agreement [BC Rail #1] dated as of December 16, 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 A hereto.

Letter Agreement dated December 16, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Side Letter dated December 16, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the original equipment cost for the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

2. Lease Agreement made as of March 1, 2002, by and between Greenbrier Leasing Corporation and BC Rail Partnership, to the extent the same relates to the Equipment described under the caption "Lease # 2" in Exhibit A hereto.

Second Amended and Restated Schedule No. 7 to Lease Agreement made as of June 2, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Second Amended and Restated Memorandum of Lease Agreement and Second Amended and Restated Schedule No. 7, made and entered into as of June 2, 2004, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Bill of Sale dated December 13, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation, and each Certificate of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in such Bill of Sale.

Certificate of Acceptance dated December 16, 2004 executed by BC Rail Partnership, in respect of the Equipment described under the caption "Lease # 2" in Exhibit A hereto.

Bill of Sale dated December 16, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit A hereto.

Purchase Agreement [GLC] dated as of December 16, 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 A hereto.

Assignment and Assumption Agreement, dated as of December 16, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit A hereto.

Notice and Acknowledgment dated December 15, 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 # 2" in Exhibit A hereto.

Notice Pursuant to Notice and Acknowledgment dated December 16, 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 # 2" in Exhibit A hereto.

Warranty Assignment [BC Rail #2] dated as of December 16, 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 A hereto.

Manufacturer's Consent dated December 14, 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 A hereto.

Railcar Service Agreement [BC Rail #2] dated as of December 16, 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 A hereto.

Letter Agreement dated December 16, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit A hereto.

Side Letter dated December 16, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the original equipment cost for the Equipment described under the caption "Lease # 2" in Exhibit A 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 Debtor 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: _____

12/16/04



Robert W. Alvord