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SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

January 11, 2007

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 Lease Agreement, dated as of November 1, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage being filed with the Board under Recordation Number 26766.

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

Lessor: Babcock & Brown Rail Funding LLC
885 Second Avenue, 49th Floor
New York, NY 10017

Lessee: Hudson Baylor Corporation
237 Dupont Avenue
PO Box 947
Newburgh, NY 12551

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

10 covered hopper railcars: AOK 65415 – AOK 65424.

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

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$34.00 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/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE AGREEMENT
BETWEEN
BABCOCK & BROWN RAIL FUNDING LLC,
AND
HUDSON BAYLOR CORPORATION ("LESSEE")
NOVEMBER 1, 2006

SCHEDULE NO. 1
NOVEMBER 1, 2006

Memorandum of Schedule No. 1 dated as of November 1, 2006 to a Lease Agreement made and entered into as of November 1, 2006, by and between Babcock & Brown Rail Funding LLC, a Delaware limited liability company ("Lessor") and Hudson Baylor Corporation, a New York corporation ("Lessee").

WITNESSETH:

1. Lessor has agreed to furnish to Lessee, and the Lessee has agreed to lease from Lessor ten (10) 3,281 c.f. 286,000 GRL cement covered hopper railcars with three 30-inch circular loading hatches and two gravity discharge outlets with gaskets, bearing marks and numbers as follows: AOK 65415 through AOK 65424, inclusive
2. Schedule No. 1 to the Lease Agreement shall be effective as of the date set forth above and shall be subject to the lease term, as described in the Lease Agreement and Schedule No. 1, as each may be amended from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed by their respective officers as of the date and year first above written.

LESSOR:

BABCOCK & BROWN RAIL FUNDING LLC

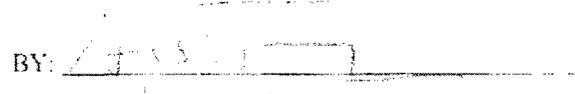
BY: 

NAME: Lawrence Littlefield

TITLE: Vice President

LESSEE:

HUDSON BAYLOR CORPORATION

BY: 

NAME: Arnold S. [unclear]

TITLE: President

STATE OF New York)
) ss.
COUNTY OF New York)

On this 29th day of December, 2006, before me personally appeared Larlene Littlefield to me personally known, who being by me duly sworn, says that s/he is the Vice President of Babcock & Brown Rail Funding LLC and that the foregoing instrument was signed on behalf of said company, and s/he acknowledged that the execution of the said instrument was her or his free act and deed.

Clementina Capasso
NOTARY PUBLIC
My commission expires: 12/27/08

CLEMENTINA CAPASSO
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6120806
QUALIFIED IN NEW YORK COUNTY
MY COMMISSION EXPIRES DEC. 27, 2008

STATE OF New York)
) ss.
COUNTY OF Orange)

On this 20th day of December, 2006, before me personally appeared Honal S. Terney to me personally known, who being by me duly sworn, says that s/he is the Resident of Hudson Baylor Corporation and that the foregoing instrument was signed on behalf of said corporation, and s/he acknowledged that the execution of the said instrument was her or his free act and deed.

Naomie Achier
NOTARY PUBLIC
My commission expires: 12/18/09

NAOMIE ACHIER
Notary Public, State of New York
Qualified in Orange County
Reg. # 01AS495921 2009
Commission Expires December 18, 2009

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: 1/11/07

Robert W. Alvord