

RECORDATION NO. 27048 FILED

JUN 29 '07 -1 25 PM

SURFACE TRANSPORTATION BOARD

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

June 29, 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 Mortgage, dated as of June 29, 2007, 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
885 Second Avenue
49th Floor
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 München
Germany]

Mr. Vernon A. Williams
June 29, 2007
Page 2

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

125 hopper railcars: BNBX 121020 – BNBX 121144.

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

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$35.00 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,

A handwritten signature in black ink, appearing to read "Alvord", with a horizontal line extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

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MEMORANDUM OF MORTGAGE

SURFACE TRANSPORTATION BOARD

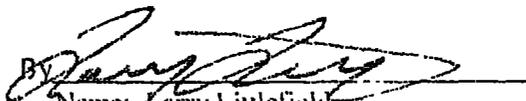
Memorandum of Mortgage, made and entered into as of June 29, 2007 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). 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. 57 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 document 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: Larry Littlefield
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On June 26, 2007, before me, Indra Bedasie, Notary Public, personally appeared Larry Littlefield, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Indra Bedasie
Notary Public

INDRA BEDASIE
Notary Public, State of New York
No. 01BF6014602
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2010

Memorandum of Mortgage

EQUIPMENT

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Manufacturer</u>	<u>AAR Code</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	FreightCar America, Inc.	125	2007	FreightCar America, Inc.	K341	4200 CF Aluminum AutoFlood III, open top hopper railcars, 286,000 lbs. GRL	BNBX 121020-121144, inclusive	None

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #1

Rent Support Agreement dated as of May 25, 2007 between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under Lease #1 in Exhibit A hereto.

Master Railcar Manufacturing and Purchase Agreement made and entered into as of June 28, 2005, by and between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under Lease #1 in Exhibit A hereto.

Rider No. 19 dated May 25, 2007 to Master Railcar Manufacturing and Purchase Agreement, by and between FreightCar America, Inc. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under Lease #1 in Exhibit A hereto.

Warranty Bill of Sale dated as of June 29, 2007 from FreightCar America, Inc. to Babcock & Brown Rail Funding LLC and Certificate of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

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: 6/29/07



Robert W. Alvord