RECORDATION NO. 27164 FILED

SEP 17 '07 -1 15 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

September 17, 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 September 17, 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 Munich
Germany]

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

402 railcars consisting of:

125 hopper railcars: BNBX 121270 – BNBX 121394;
125 gondola railcars: BNBX 121395 – BNBX 121519;
152 hopper railcars within the series BNBX 121895 – BNBX 122060 as more particularly set forth in the attachment to the document.

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,

Robert W. Alvord

RWA/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of September 17, 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. 61 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

NEWYORK/#185100.1

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

On September 13, 2007, before me, Clementina Capasso, 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.

Clementina Capasso
Notary Public

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

Exhibit A
to Memorandum of Mortgage

EQUIPMENT

Lessee	# Cars	Year Built	Manufacturer	AAR Code	Description	Reporting Marks	Casualty Marks
None	125	2007	FreightCar America, Inc.	J311	4520 CF capacity, 286,000 lbs GRL Aluminum Car Body Bethgon II Coal Gondola Railcars	BNBX 121395-121519, inclusive	None
None	125	2007	FreightCar America, Inc.	K341	4200 CF capacity, 286,000 lbs GRL Aluminum AutoFlood III, Open Top Hopper Railcars	BNBX 121270-121394, inclusive	None
None	152	2007	Trinity North American Freight Car, Inc.	C114	6351 CF Quadruple Covered Hopper Railcars, 286,000 lbs GRL	BNBX 121895 – 121937; BNBX 121938 – 121985; BNBX 121987 – 122028; BNBX 122030; BNBX 122033 – 122038; BNBX 122042; BNBX 122044; BNBX 122047 – 122054; BNBX 122056; BNBX 122060.	None

Exhibit B
to Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

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 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 in Exhibit A hereto.

Rider No. 20 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 in Exhibit A hereto.

Warranty Bills of Sale dated as of September 17, 2007 from FreightCar America, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Warranty Bill of Sale dated as of September 17, 2007 from Trinity North American Freight Car, 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.

Letter Agreement dated August 11, 2006 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described 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: 9/17/07

Robert W. Alvord