

**ORIGINAL**

## UNITED STATES BANKRUPTCY COURT Middle District of Florida, Jacksonville Div.

## PROOF OF CLAIM

Name of Debtor:  
Taylor, Bean & Whitaker Mortgage Corp.Case Number:  
3:09-bk-07047-JAF

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property):  
Deutsche Bank, AG, London BranchName and address where notices should be sent:  
Gregor J. Schwinghammer Jr., Esq.  
Gunster, Yoakley & Stewart, P.A.  
777 South Flagler Drive, Suite 500 East  
West Palm Beach, FL 33401  
Telephone number: (561) 650-0595**CLAIM FILED**

JACKSONVILLE, FLORIDA

JUN 14 2010

CLERK, U. S. BANKRUPTCY COURT

☐ Check this box to indicate that this claim amends a previously filed claim.Court Claim Number: \_\_\_\_\_  
(If known)

Filed on: \_\_\_\_\_

Name and address where payment should be sent (if different from above):  
c/o Deutsche Bank, New York Branch, 60 Wall Street, New York NY 10005, Att'n: Kevin TanzerTelephone number:  
(212) 250-5934☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed: \$ Undetermined

If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).☐ Wages, salaries, or commissions (up to \$10,950\*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).☐ Up to \$2,425\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)( ).

Amount entitled to priority:

\$ \_\_\_\_\_

\*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

2. Basis for Claim: Mortgage Loan Purchase and Servicing Agreement dated as of (See instruction #2 on reverse side.) June 30, 2008

3. Last four digits of any number by which creditor identifies debtor: \_\_\_\_\_

3a. Debtor may have scheduled account as: \_\_\_\_\_  
(See instruction #3a on reverse side.)

4. Secured Claim (See instruction #4 on reverse side.)

Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other  
Describe:

Value of Property: \$ \_\_\_\_\_ Annual Interest Rate: %

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: \$ \_\_\_\_\_ Basis for perfection: \_\_\_\_\_

Amount of Secured Claim: \$ \_\_\_\_\_ Amount Unsecured: \$ \_\_\_\_\_

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

Date:  
06/11/2010

Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the not address above. Attach copy of power of attorney, if any.

FOR COURT USE ONLY

T, B &amp; W Mortgage Corp.

02927

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

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## POWER OF ATTORNEY

BY THIS DEED, DEUTSCHE BANK AKTIENGESELLSCHAFT, a corporation duly organized and existing under the law of the Federal Republic of Germany and having its principal place of business at Theodor-Heuss-Allee 70 in the City of Frankfurt am Main and operating in the United Kingdom under branch number BR000005 at Winchester House, 1 Great Winchester Street, London, EC2N 2DB (the "Company") through its attorneys HEREBY APPOINTS each of the persons set out in Schedule 1 to be its true and lawful attorney (each an "Attorney") any two of which are jointly authorized to execute and deliver on behalf of and in the name of the Company the documents described in Schedule 2 and to do any and all other acts and things as they may deem necessary or incidental in relation thereto AND the Company hereby undertakes to ratify everything which an Attorney shall lawfully do or purport to do in connection therewith. The power conferred herein upon the Attorneys may be rescinded at any time by the Bank and shall cease to have effect from the earlier of (i) the date given in Schedule 3; or (ii) the date upon which any of the Attorneys ceases to be employed by the company described in Schedule 1. The Attorneys are not authorized to sub-delegate to any other person any of the powers or authority granted to them under this Power of Attorney. This Deed shall be governed by and construed in accordance with English law.

### Schedule 1

Joseph POLIZZOTTO, Steven HABER and Charlie GAMBINO each of Deutsche Bank AG New York Branch, 60 Wall Street, New York, NY 10005

### Schedule 2

To sign and deliver all such documents, including any litigation documents, and to do all such other acts or things as they may in their discretion determine to be necessary or desirable in connection with the Taylor Bean & Whitaker bankruptcy proceeding.

### Schedule 3

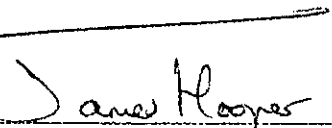
12 months from the date of this Deed.

IN WITNESS WHEREOF the Company has executed and delivered this Power of Attorney as a Deed on the 11<sup>th</sup> day of June 2010.

EXECUTED as a DEED for and on behalf of DEUTSCHE BANK AG by its duly appointed attorneys:

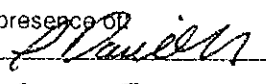
  
NAME: David B. Entwistle


Authorized "A" Signatory

  
NAME: James Li. Hooper

Authorized "A" Signatory

In the presence of

  
NAME: MISS FAYE DAVIDSON  
ADDRESS: 33B FERNTOWER RD  
LONDON N5 2JE

  
NAME: MISS FAYE DAVIDSON  
ADDRESS: 33B FERNTOWER RD  
LONDON N5 2JE

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## ANNEX I

to  
**Proof of Claim ("Claim") Filed by Deutsche Bank AG ("Claimant" or "Deutsche Bank")**  
Against  
**Taylor, Bean & Whitaker Mortgage Corp. ("Debtor" or "Taylor Bean")**  
**(Case No. 3:09-bk-07047-JAF)**

1. Deutsche Bank is a claimant of the Taylor Bean estate on the basis of its participation in a significant lending facility that involved the Debtor. Pursuant to a Mortgage Loan Purchase and Servicing Agreement dated June 30, 2008, by and between Ocala Funding, LLC ("Ocala"),<sup>1</sup> as purchaser, and Taylor Bean, as seller and servicer, Ocala agreed to purchase mortgage loans originated by Taylor Bean and Taylor Bean agreed to continue to service those mortgage loans (the "Taylor Bean Mortgage Loans").

2. The Taylor Bean Mortgage Loans, and the proceeds from the sale thereof, served as collateral for two series of senior secured notes issued by Ocala. These notes serve to finance the purchase by Ocala of the Taylor Bean Mortgage Loans. Deutsche Bank is also a holder of such notes.

3. Deutsche Bank holds claims against Taylor Bean *inter alia* for breach of contract and fraud.

4. This Claim is filed under the compulsion of the bar date established in these chapter 11 proceedings and is filed to protect Claimant from forfeiture of claims by reason of said bar date. Claimant reserves its right to amend and/or supplement this Claim for the purposes and to the extent permitted by applicable law.

5. Claimant reserves all of its rights and defenses, whether under title 11 of the United States Code or other applicable law, as to any claims that may be asserted against

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<sup>1</sup> Ocala was created by Taylor Bean for the purpose of buying loans from Taylor Bean and is a bankruptcy remote special purpose entity.

Claimant by the Debtor, including, without limitation, any rights of setoff and/or recoupment not expressly asserted above. Claimant further reserves all of its rights as against the other debtors in these chapter 11 proceedings.

6. Claimant further reserves all rights accruing to it, and the filing of this Claim is not and shall not be deemed or construed as: (i) a waiver, release, or limitation of Claimant's rights against any person, entity, or property (including, without limitation, the Debtor or any other person or entity that is or may become a debtor in this case or any other case pending in this Court); (ii) a consent by Claimant to the jurisdiction or venue of this Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving Claimant; (iii) a waiver, release, or limitation of Claimant's right to trial by jury in this Court or any other court in any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy, or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the U.S. Constitution; (iv) a consent by Claimant to a jury trial in this Court or any other court in any proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (v) a waiver, release, or limitation of Claimant's right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a U.S. District Court Judge; (vi) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Claim, any objection thereto or other proceeding which may be commenced in this case against or otherwise involving Claimant; (vii) an election of remedies; or (viii) a consent to the final determination or adjudication of any claim or right pursuant to 28 U.S.C. § 157(c).

OCALA FUNDING, LLC

as Purchaser

and

TAYLOR, BEAN & WHITAKER MORTGAGE CORP.,  
as Seller and Servicer

SECOND AMENDED AND RESTATED MORTGAGE LOAN PURCHASE AND  
SERVICING AGREEMENT

Dated as of June 30, 2008

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SECOND AMENDED AND RESTATED MORTGAGE LOAN PURCHASE AND SERVICING AGREEMENT, dated as of June 30, 2008 (as amended, supplemented or otherwise modified and in effect from time to time, this "Purchase Agreement"), by and among Ocala Funding, LLC, a Delaware limited liability company, as purchaser (the "Purchaser") and Taylor, Bean & Whitaker Mortgage Corp., a Florida corporation (the "Company"), as seller and servicer (in its capacity as seller hereunder, the "Seller," and in its capacity as servicer hereunder, the "Servicer").

W I T N E S S E T H:

WHEREAS, the Purchaser and the Company have heretofore entered into that Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of March 27, 2006, as amended by that Amendment No. 1 to Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of June 9, 2006, Amendment No. 2 to Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of June 21, 2006 and Amendment No. 3 to Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated October 27, 2006 (the "First Amended and Restated Purchase Agreement").

WHEREAS, the Purchaser and the Company desire to amend and restate the First Amended and Restated Purchase Agreement.

WHEREAS, pursuant to Section 12.2 of the First Amended and Restated Purchase Agreement, the Purchaser, the Seller, each Swap Counterparty and the Servicer consented to the amendment and restatement of the First Amended and Restated Purchase Agreement.

WHEREAS, prior written notice of the amendment and restatement has been provided to each Rating Agency and Rating Agency Confirmation with respect thereto has been received by the Indenture Trustee.

WHEREAS, pursuant to the First Amended and Restated Purchase Agreement, the Purchaser has agreed to purchase from the Seller and the Seller has agreed to sell to the Purchaser, from time to time, mortgage loans constituting Eligible Loans until the termination of this Purchase Agreement in accordance with Section 11.1 hereof. The Purchaser wishes to continue the appointment of the Servicer to service each Mortgage Loan on behalf of the Purchaser after the sale and purchase thereof pursuant to the terms of this Purchase Agreement.

WHEREAS, the Purchaser, the Seller and the Servicer wish to prescribe the manner of purchase of Eligible Loans.

WHEREAS, the Purchaser and the Servicer wish to prescribe the management, servicing and control of the Mortgage Loans.

WHEREAS, the Purchaser intends to continue to Securitize or sell the Mortgage Loans and the Servicer will arrange for the Securitization or sale of Conforming Loans on behalf of the Purchaser through FHLMC and, as expressly permitted hereunder, GNMA or other third-party purchasers.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Purchaser, the Seller and the Servicer agree as follows:

## ARTICLE I

### DEFINITIONS; EFFECTIVENESS

Section 1.1 Definitions. Whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the meanings assigned to such terms in the Definitions List attached as Schedule I to the Base Indenture, as amended and restated as of the date hereof, between the Issuer and the Indenture Trustee (the "Base Indenture").

Section 1.2 Effectiveness. The First Amended and Restated Purchase Agreement shall remain in full force and effect until the occurrence of the Amendment Closing Date under Section 3.4(a) hereof. Upon the occurrence of the Amendment Closing Date, this Purchase Agreement shall become immediately effective without further action by any party and shall amend and restate the First Amended and Restated Purchase Agreement in its entirety.

## ARTICLE II

### SALE OF MORTGAGE LOANS; POSSESSION OF MORTGAGE LOAN FILES; BOOKS AND RECORDS; CUSTODIAL AGREEMENT; DELIVERY OF DOCUMENTS

Section 2.1 Sale of Mortgage Loans. (a) From time to time, pursuant to any Transfer Supplement, the Seller may sell, transfer, assign, set over and convey to the Purchaser and the Purchaser shall purchase, without recourse, but subject to the terms hereof, all the right, title and interest of the Seller in and to each Mortgage Loan identified on the Transfer Supplement and categorized as a Series 2005-1 Mortgage Loan or a Series 2008-1 Mortgage Loan, originated or purchased by the Seller; *provided, however*, that the Purchaser shall not at any time purchase mortgage loans having an aggregate Outstanding Purchase Price greater than the sum of (i) in the case of (a) the Series 2005-1 Program, the then-current Series 2005-1 Program Size, and (b) the Series 2008-1 Program, the then-current Series 2008-1 Program Size, less (ii) in the case of (a) the Series 2005-1 Program, the aggregate Outstanding Purchase Price of all Series 2005-1 Mortgage Loans owned by the Purchaser at such time, and (b) the Series 2008-1 Program, the aggregate Outstanding Purchase Price of all Series 2008-1 Mortgage Loans owned by the Purchaser at such time; *provided, further*, that the Purchaser shall not at any time purchase a mortgage loan if the Forward Coverage Test would not be satisfied on the closing of such purchase; *provided, further*, that each Mortgage Loan transferred on each Closing Date must be an Eligible Loan. Notwithstanding anything herein to the contrary, unless the Purchaser receives the written consent of both the Series 2005-1 Swap Counterparty and the Series 2008-1

Swap Counterparty and provides prior notice to the Rating Agencies, the Purchaser shall only purchase Mortgage Loans conforming to the FHLMC Guides. In connection with any sale of Mortgage Loans to the Purchaser, the Seller shall sell, transfer, assign, set over and convey to the Purchaser and the Purchaser shall acquire all the right, title, interest and obligations of the Seller in and to (x) in respect of a Series 2005-1 Mortgage Loan, any Series 2005-1 Qualified Forward Contract for which such Series 2005-1 Mortgage Loans are eligible and (y) in respect of a Series 2008-1 Mortgage Loan, any Series 2008-1 Qualified Forward Contract for which such Series 2008-1 Mortgage Loans are eligible. No Qualified Forward Contract provides for the sale of the related servicing rights or accrued interest. Accordingly, the delivery price of such Qualified Forward Contract does not include the related servicing rights or accrued interest. After purchase by the Purchaser, the Servicer is required to make (x) a Sale Allocation of each Series 2005-1 Mortgage Loan to a Series 2005-1 Qualified Forward Contract in accordance with its Customary Servicing Procedures and (y) a Sale Allocation of each Series 2008-1 Mortgage Loan to a Series 2008-1 Qualified Forward Contract in accordance with its Customary Servicing Procedures, it being the intent of the parties hereto, in each case, that a Pricing Allocation of a Mortgage Loan to a Qualified Forward Contract shall have been made for purposes of establishing the Original Principal Purchase Price thereof, and that no presumption exists as to whether a Sale Allocation shall be made to the same Forward Contract as to which a Pricing Allocation has been made; *provided* that the Forward Coverage Test is satisfied at all relevant times. In connection with any sale of Mortgage Loans to the Purchaser, the Seller shall sell, transfer, assign, set over and convey to the Purchaser and the Purchaser shall acquire all the right, title, interest of the Seller in and to the servicing rights, including without limitation, any Mortgage Loans with respect to which the Qualified Forward Contract does not include the related servicing rights. The Series 2005-1 Mortgage Loans, related servicing rights and rights under the Series 2005-1 Qualified Forward Contracts are referred to as the "Series 2005-1 Purchased Assets." The Series 2008-1 Mortgage Loans, related servicing rights and rights under the Series 2008-1 Qualified Forward Contracts are referred to as the "Series 2008-1 Purchased Assets." The Series 2005-1 Purchased Assets and the Series 2008-1 Purchased Assets are referred to collectively as the "Purchased Assets." The Seller shall provide notice to the Purchaser, the Indenture Trustee, the Manager, the Collateral Agent and the applicable Swap Counterparty, not later than 3:00 P.M. New York City Time on any Closing Date, of its intention to sell a Portfolio to the Purchaser pursuant to a Transfer Supplement; *provided, however*, that the Seller may deliver such notice to the Purchaser, the Indenture Trustee, the Manager, the Collateral Agent and the applicable Swap Counterparty at any time later than 3:00 P.M. New York City Time on any Closing Date if the Purchaser will not issue additional Secured Liquidity Notes or Callable Notes to fund its purchase of a Portfolio on such Closing Date. In such notice, the Seller shall inform the Purchaser of the aggregate principal balance of the Mortgage Loans that it intends to sell on such date. The subject Portfolio and related servicing rights shall be sold by the Seller to the Purchaser as described in Section 2.4 hereof. Each Transfer Supplement shall be executed by the Seller and the Purchaser at the time of the sale of the subject Portfolio and related servicing rights. Notwithstanding the foregoing, the Purchaser shall not purchase any mortgage loans during the continuation of a Short Term Note Amortization Event or a Cease Purchase Event. The Seller shall provide the applicable Swap Counterparty with (i) copies of each applicable Qualified Forward Contract sold, transferred, assigned, set over and conveyed to the Purchaser pursuant to this Section 2.1(a) and (ii) notice of the occurrence of any Short Term Note Amortization Event or a Cease Purchase Event.

(b) Upon execution of any Transfer Supplement by the Seller and the Purchaser and receipt of the purchase price therefor, the Seller hereby sells, assigns, transfers, sets over and conveys to the Purchaser all of the Seller's right, title and interest in, to and under the Purchased Assets. At all times following the sale, assignment transfer and conveyance of any Qualified Forward Contract to the Purchaser under this Purchase Agreement, the Seller agrees that the Purchaser (and the Servicer and Collateral Agent, acting on its behalf) shall have the exclusive right to deliver (x) Series 2005-1 Mortgage Loans or Series 2005-1 Securitization Securities, as applicable, into a Series 2005-1 Qualified Forward Contract or a Series 2005-1 Replacement Forward Contract and (y) Series 2008-1 Mortgage Loans or Series 2008-1 Securitization Securities, as applicable, into a Series 2008-1 Qualified Forward Contract or a Series 2008-1 Replacement Forward Contract. It is intended that each transfer, assignment and conveyance herein contemplated constitute a sale of the applicable Purchased Assets, conveying good title thereto, free and clear of any liens, by the Seller to the Purchaser and that the Purchased Assets not be part of the Seller's estate in the event of insolvency of the Seller. In the event that any Purchased Assets are held to be property of the Seller or if for any other reason any Transfer Supplement or other document is held or deemed to create a security interest in the related Purchased Assets, the parties intend that the Seller shall be deemed to have granted, and does hereby grant, to the Purchaser a first priority perfected security interest in such Purchased Assets and all collateral related thereto now existing or hereafter arising for the purpose of securing the rights of the Purchaser under this Purchase Agreement, and that this Purchase Agreement and each Transfer Supplement shall each constitute a security agreement under applicable law.

(c) It is the intention of the parties to this Purchase Agreement that each conveyance of the Seller's right, title and interest in and to the Purchased Assets pursuant to this Purchase Agreement shall constitute a purchase and sale and not a loan.

Section 2.2 Possession of Mortgage Loan Files. (a) The Seller shall deliver the related Loan Documents to the Custodian, as bailee, and the contents of each related Mortgage Loan File shall be held by the Custodian initially for the benefit of the Purchaser pursuant to this Purchase Agreement, and then for the benefit of the Collateral Agent pursuant to the Custodial Agreement; *provided, however*, that the failure of the Seller to deliver any Loan Document (other than any Mortgage Note, Mortgage or Assignment of Mortgage) to the Custodian, which failure does not have a material and adverse impact on the value of the related Mortgage Loan or prevent securitizing the related Mortgage Loan or delivering the Mortgage Loan into a Qualified Forward Contract, shall not constitute a breach of this Purchase Agreement. Following the delivery of the Mortgage Notes, Mortgages and Assignments of Mortgage and the Qualifying Documents to the Custodian pursuant to this Section 2.2, and while the Purchased Assets are owned by the Purchaser, the Custodian will maintain continuous custody of the Mortgage Notes, Mortgages or Assignments of Mortgage and the Qualifying Documents, for the benefit of, and as custodian for, the Purchaser and the Collateral Agent, for the benefit of the Secured Parties, except as provided in this Section 2.2.

(b) Pursuant to Section 2.7 hereof and subject to Section 3.2(y) hereof, as soon as practicable but in any event on or before the sale of any Mortgage Loan to the Purchaser, the Seller of such Mortgage Loan shall deliver and release each related Mortgage Note, Mortgage and Assignment of Mortgage to the Custodian, as bailee, initially for the Purchaser and

then for the Collateral Agent pursuant to the Custodial Agreement. Pursuant to Section 2.7 hereof and subject to Section 3.2(y) hereof, as soon as practicable but in any event within the Required Delivery Period, the Seller shall deliver to the Custodian, as bailee, initially for the Purchaser and then for the Collateral Agent pursuant to the Custodial Agreement, each Qualifying Document with respect to each Qualifying Forward Contract relating to Mortgage Loans sold to the Purchaser. If any Qualifying Document shall not be delivered to the Custodian within the Required Delivery Period, then the related Forward Trade shall not be a Qualified Forward Contract. Notwithstanding the foregoing, the failure to deliver a Transaction or trade ticket with respect to any particular Forward Trade within the Required Delivery Period shall not preclude the related Master Securities Forward Transaction Agreement being part of a Qualified Forward Contract with respect to another Forward Trade. On or prior to the related Closing Date (or, with respect to the Qualifying Documents, within the Required Delivery Period) and subject to Section 3.2(y) hereof, the Seller shall deliver the related Loan Documents not delivered to the Custodian (the "Servicing File") to the Servicer and the contents of each related Servicing File shall be held by the Servicer, as bailee, for the benefit of the Purchaser, as owner, and the Collateral Agent as secured party; *provided, however*, that the failure of the Seller to deliver any Loan Document (other than a Qualifying Document, Mortgage Note, Mortgage or Assignment of Mortgage), which failure does not have a material and adverse impact on the value of a Mortgage Loan, shall not constitute a breach of this Purchase Agreement; *provided, further*, that all Qualifying Documents, Mortgage Notes, Mortgages and Assignments of Mortgages shall be delivered to the Custodian, as bailee, initially for the Purchaser and then for the Collateral Agent, as provided in the first two sentences of this Section 2.2(b). The possession of each Servicing File by the Servicer is at the will of the Purchaser or the Collateral Agent, as applicable, for the sole purpose of servicing the related Mortgage Loan and such retention and possession by the Servicer is in a custodial capacity only. Upon the sale of the Purchased Assets to the Purchaser, the ownership of each related Qualifying Document, Mortgage Note, Mortgage, Assignment of Mortgage and the remainder of the Mortgage Loan File shall vest immediately in the Purchaser, and the ownership of all other records and documents with respect to the related Mortgage Loan prepared by or which come into the possession of the Servicer shall vest immediately in the Purchaser and shall be retained and maintained by the Servicer at the will of the Purchaser and the Collateral Agent and only in such custodial capacity. Each Servicing File and the Servicer's books and records shall be marked appropriately to reflect clearly the sale of the related Mortgage Loan to the Purchaser and whether such Mortgage Loan is a Series 2005-1 Mortgage Loan or a Series 2008-1 Mortgage Loan. The Custodian shall only release its custody of the Qualifying Documents, Mortgage Notes, Mortgages, Assignments of Mortgages and other contents of a Mortgage Loan File in its possession in accordance with the Custodial Agreement.

Section 2.3 Contents of the Mortgage Loan File. The Mortgage Loan File shall consist of the following documents (constituting, collectively, the "Loan Documents") and such other documents as the Purchaser may require from time to time:

- (i) the original Mortgage Note, together with the original of any guarantee executed in connection with the Mortgage Note;
- (ii) the original Mortgage with evidence of recording thereon. If in connection with any particular Mortgage Loan, the Seller cannot deliver or cause to be delivered the original Mortgage with evidence of recording thereon on or prior to the

Closing Date because of a delay caused by the public recording office where such Mortgage has been delivered for recordation or because such Mortgage has been lost or because such public recording office retains the original recorded Mortgage, the Seller shall deliver or cause to be delivered to the Custodian, (a) in the case of a delay caused by the public recording office, a photocopy of such Mortgage, together with an Officer's Certificate of the Seller stating that such Mortgage has been dispatched to the appropriate public recording office for recordation and that the original recorded Mortgage or a copy of such Mortgage certified by such public recording office to be a true and complete copy of the original recorded Mortgage will be promptly delivered to the Custodian upon receipt thereof by the Seller or (b) in the case of an original Mortgage where a public recording office retains the original Mortgage or in the case where an original Mortgage is lost after recordation in a public recording office, a copy of such original Mortgage certified by an Officer's Certificate of the Seller to be a true and complete copy of the original recorded Mortgage;

(iii) the originals of all assumption, modification, consolidation or extension agreements, with evidence of recording thereon if so recorded;

(iv) unless the original Mortgage was recorded in the name of MERS, an Assignment of Mortgage for each Mortgage Loan, in form and substance acceptable for recording. If the Mortgage Loan was acquired by the Seller in a merger, any Assignment of Mortgage (other than an original Mortgage recorded in the name of MERS) must be made by "Seller, successor by merger to [name of predecessor]." If the Mortgage Loan was acquired or originated by the Seller while doing business under another name, any Assignment of Mortgage (other than an original Mortgage recorded in the name of MERS) must be by "Seller, formerly known as [previous name]." If the Mortgage Loan was acquired by the Seller as receiver for another entity, any Assignment of Mortgage (other than an original Mortgage recorded in the name of MERS) must be by "Seller, receiver for [name of entity in receivership]." Any Assignment of Mortgage must be duly recorded only upon the occurrence of a Termination Event that would require the Servicer to sell or Securitize all non-Delinquent or non-Defaulted Loans pursuant to Section 11.2 hereof. If any Assignment of Mortgage is not to be recorded, such Assignment of Mortgage shall be delivered in blank;

(v) if applicable, the originals of all intervening assignments of mortgage with evidence of recording thereon, or (a) if any such intervening assignment has not been returned from the applicable public recording office, the original recorded intervening assignment of mortgage will be promptly placed in the Mortgage Loan File upon receipt thereof by the Seller or (b) in the case of an intervening assignment where a public recording office retains the original recorded intervening assignment or in a case where an intervening assignment is lost after recordation in a public recording office, a copy of such intervening assignment certified to be a true and complete copy of the original recorded intervening assignment;

(vi) if available, the original mortgagee title insurance policy or attorney's opinion of title, or if the policy or opinion of title has not yet been issued, (a) the irrevocable written commitment, interim binder or marked up binder for a title insurance

policy issued by the title insurance company dated and certified as of the date the Mortgage Loan was funded, or (b) a copy of the applicable escrow instructions indicating the name of the title company with, in either case, a statement by the title insurance company or closing attorney on such binder or commitment or escrow instructions that the priority of the lien on the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy is insured;

(vii) the original of any security agreement, chattel mortgage or equivalent document executed in connection with the Mortgage;

(viii) if any Mortgage Loan is sold to any Agency, the originals of other documents, forms, releases, certifications and papers required by the applicable Agency Custodial Agreement; and

(ix) the Qualifying Documents with respect to any Qualified Forward Contract into which any Mortgage Loan may at any time be identified for delivery.

Section 2.4 Determination of Purchase Price; Deposit by the Seller. No later than 2:00 P.M. New York City time on each Closing Date, the Seller shall deliver to the Purchaser a Transfer Supplement and shall notify the Purchaser of (i) its calculation of the Original Principal Purchase Price and the Original Purchase Price for each Mortgage Loan in the Portfolio which consideration shall constitute the consideration for the sale and purchase of the Purchased Assets (and not the consideration solely for the sale and purchase of the subject Mortgage Loans) and (ii) whether each such Mortgage Loan is a Series 2005-1 Mortgage Loan or a Series 2008-1 Mortgage Loan. The Purchaser and the Seller shall use commercially reasonable efforts to close the sale of the Purchased Assets on any such Closing Date. The Purchaser shall pay to the Seller the Original Purchase Price of each Mortgage Loan purchased by it hereunder in immediately available funds not later than 6:00 P.M., New York City time, on the applicable Closing Date. Each Mortgage Loan must be an Eligible Loan.

To the extent that the market value of any Portfolio on the related Closing Date exceeds the Original Purchase Price of such Mortgage Loan, such excess shall be a capital contribution by the Seller to the Purchaser.

Section 2.5 Purchase Commitment Term. Subject to the terms and conditions of the Facility Documents, the commitment of the Purchaser under this Purchase Agreement shall expire on the termination of this Purchase Agreement, pursuant to Section 11.1 hereof.

Section 2.6 Books and Records; Transfers of Mortgage Loans. From and after each related Closing Date, all rights arising with respect to each Mortgage Loan sold pursuant to any Transfer Supplement, including but not limited to all funds received on or in connection with each Mortgage Loan, shall be received and held by the Servicer in trust for the benefit of the Purchaser. Pursuant to the Custodial Agreement, the Custodian shall hold all of the Qualifying Documents, Mortgage Notes, Mortgages and Assignments of Mortgage on behalf of the Collateral Agent for the benefit of the Secured Parties.

The Servicer, at its expense, shall be responsible for maintaining, and shall maintain, appropriate books and records for each Mortgage Loan which shall be marked clearly



to reflect the ownership of each Mortgage Loan by the Purchaser and whether each such Mortgage Loan is a Series 2005-1 Mortgage Loan or a Series 2008-1 Mortgage Loan. In particular, the Servicer shall maintain in its possession, available for inspection by the Purchaser, each Swap Counterparty, the Collateral Agent, the Indenture Trustee (acting at the written direction of the Required Senior Noteholders), or their respective designees, evidence of compliance with applicable laws, rules and regulations. To the extent that original documents are not required for purposes of realization of Liquidation Proceeds, Insurance Proceeds, VA Guaranty Proceeds, FHA Proceeds or Securitization proceeds, documents maintained by the Servicer may be in the form of microfilm or microfiche or such other reliable means of recreating original documents, including but not limited to, optical imagery techniques, so long as the Servicer complies with the requirements of the Guidelines.

The Servicer shall maintain with respect to each Mortgage Loan and shall make available for inspection by the Purchaser, each Swap Counterparty, the Collateral Agent, the Indenture Trustee (acting at the written direction of the Required Noteholders), any Short Term Note Dealer or their respective designees, upon reasonable advance notice, at the offices of the Servicer during normal business hours the related Mortgage Loan File during the time the Purchaser retains ownership of a Mortgage Loan and thereafter pursuant to applicable laws and regulations.

Section 2.7 Custodial Agreement. Pursuant to the Custodial Agreement and subject to Section 3.2(y) hereof, the Seller shall, from time to time in connection with the purchase of Mortgage Loans sold by it pursuant to the terms of this Purchase Agreement, deliver to the Custodian, (i) on or before the related Closing Date, the Mortgage Note, Mortgage and Assignment of Mortgage with respect to each Mortgage Loan transferred by the Seller and (ii) within the Required Delivery Period, each Qualifying Document. The Custodian shall hold each Qualifying Document, Mortgage Note, Mortgage and Assignment of Mortgage in trust, as bailee, initially for the Purchaser and then for the Collateral Agent pursuant to the Custodial Agreement.

Section 2.8 Seller's Right to Call Certain Specified Assets. The Seller or its Affiliates shall have the unilateral right, but not the obligation, once in any calendar year, to call for the repurchase of (i) Mortgage Loans held by the Purchaser beyond any of the Portfolio Aging Limitations specified herein, or (ii) Mortgage Loans which will be held by the Purchaser beyond the Portfolio Aging Limitations specified herein, in an aggregate amount up to (x) three (3) percent of the Outstanding Purchase Price of the Series 2005-1 Mortgage Loans and (y) three (3) percent of the Outstanding Purchase Price of the Series 2008-1 Mortgage Loans owned by the Purchaser as of the date such call is exercised. The Seller or its Affiliates shall purchase such specified Mortgage Loans for an amount equal to the Repurchase Price of such Mortgage Loans on the date such call is made; *provided, however*, that if any such specified Mortgage Loan is a Delinquent Loan or Defaulted Loan, the purchase price for such Delinquent Loan or Defaulted Loan shall be par plus accrued interest thereon. For the avoidance of doubt, such purchase amount shall include any accrued interest on such specified Mortgage Loans.

Section 2.9 Asset Reserve Account Deposit. On any day (including a Payment Date) on which a Termination Event occurs, the Purchaser shall cause to be deposited into the applicable sub-account of the Asset Reserve Account the amounts required pursuant to both

clauses (B) of priority Second of Section 2.01, Section 5.03(a)(i) and Section 5.03(b)(i) of the Security Agreement, as applicable.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES; COVENANTS; REMEDIES AND BREACH

##### Section 3.1 Representations and Warranties of the Seller and the Servicer.

(a) The Seller represents and warrants to the Purchaser (and for the benefit of the Collateral Agent, each Swap Counterparty and the Secured Parties) that as of each applicable Closing Date:

(i) Due Organization and Authority. (a) The Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all licenses necessary to carry on its business as now being conducted and is licensed, qualified and in good standing in each state where a Mortgaged Property is located if required to conduct business of the type conducted by it, and in any event it is in compliance with the laws of any such state to the extent necessary to ensure the enforceability of all Purchased Assets sold hereunder in accordance with the terms of this Purchase Agreement and any Transfer Supplement, except where its failure to be licensed, qualified or in good standing in any such state, or where its failure to be in compliance with the laws of any such state, would not have a Material Adverse Effect; (b) the Seller has the full power and authority to execute and deliver this Purchase Agreement, each Qualified Forward Contract and any Transfer Supplement and to perform its obligations in accordance herewith and therewith; (c) the execution, delivery and performance of this Purchase Agreement, each Qualified Forward Contract and any applicable Transfer Supplement by the Seller and the performance of the transactions contemplated hereby and thereby have been duly and validly authorized by it; (d) all requisite corporate action has been taken by the Seller to make this Purchase Agreement, each Qualified Forward Contract and any Transfer Supplement valid and binding upon it pursuant to its terms; (e) this Purchase Agreement, each Qualified Forward Contract, and any Transfer Supplement each evidences the valid, binding and enforceable obligation of the Seller, except that (1) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (2) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(ii) Ordinary Course of Business. The performance of the transactions contemplated by this Purchase Agreement are in the Seller's ordinary course of business.

(iii) No Conflicts. Neither the execution and delivery of this Purchase Agreement, each Qualified Forward Contract, or any Transfer Supplement, the acquisition of mortgage loans by the Seller, the sale of Mortgage Loans to the Purchaser or the transactions contemplated hereby or thereby, nor the fulfillment of or compliance

with the terms and conditions of this Purchase Agreement or any Transfer Supplement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Seller's charter or by-laws or any material agreement or instrument to which it is now a party or by which it is bound, except where such conflict or breach would not have a Material Adverse Effect, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation in any material respect of any applicable law, rule, regulation, order, judgment or decree to which the Seller or its property is subject, or impair the ability of the Purchaser to realize on the mortgage loans in any material respect, or impair the value of the mortgage loans in any material respect.

(iv) Ability to Sell. Notwithstanding anything herein to the contrary, unless the Seller receives the written consent of both the Series 2005-1 Swap Counterparty and the Series 2008-1 Swap Counterparty, the Seller is an approved Seller of mortgage loans for FHLMC. Notwithstanding anything herein to the contrary, unless the Seller receives the written consent of both the Series 2005-1 Swap Counterparty and the Series 2008-1 Swap Counterparty, the Seller is eligible to sell Mortgage Loans to FHLMC and no event has occurred, including but not limited to a change in insurance coverage, which would make the Seller unable to comply with the eligibility requirements in all material respects of FHLMC or which would require notification to FHLMC. The Seller is an FHA Approved Mortgagee and a VA Approved Lender, and no event has occurred, including but not limited to a change in insurance coverage, which would make the Seller unable to comply with FHA or VA eligibility requirements in all material respects, or which would require notification to either the FHA or VA.

(v) No Litigation Pending. There is no action, suit, proceeding or investigation pending or to the Seller's knowledge threatened against the Seller which, either in any one instance or in the aggregate, would draw into question the validity of this Purchase Agreement, any Qualified Forward Contract or any Transfer Supplement or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Seller contemplated herein, or which would be likely to impair materially the ability of the Seller to perform under the terms of this Purchase Agreement or any Transfer Supplement or which, in the Seller's reasonable belief, would have a Material Adverse Effect on the Seller.

(vi) No Consent Required. No consent, approval, authorization or order of any court or governmental agency or body including, without limitation, HUD, FHA or VA, is required for the execution, delivery and performance by the Seller of or compliance with this Purchase Agreement or any Transfer Supplement or the sale of the mortgage loans, or if required, such approval has been obtained.

(vii) No Untrue Information. Neither this Purchase Agreement, any Transfer Supplement nor any written statement, written report or other document prepared by the Seller pursuant to this Purchase Agreement or in connection with the transactions contemplated hereby contains any untrue statement of a material fact relating to the Seller or the Mortgage Loans.

(viii) Financial Statements. The Seller has delivered to the Purchaser consolidated financial statements as of the date hereof, as to its last three complete fiscal years and any later quarter ended more than sixty (60) days prior to the execution of this Purchase Agreement. All such financial statements fairly present the pertinent results of operations and changes in financial position at the end of each such period of the Seller and its subsidiaries and have been prepared pursuant to generally accepted accounting principles consistently applied throughout the periods involved, except as set forth in the notes thereto. There has been no change in its business, operations, financial condition, properties or assets since the date of its most recently provided financial statements that would have a material adverse effect on its ability to perform its obligations under this Purchase Agreement.

(ix) No Brokers' Fees. The Seller has not dealt with any broker, investment banker, agent or other Person that may be entitled to any commission or compensation in connection with the sale of any Mortgage Loan to the Purchaser.

(x) Solvency: Fraudulent Conveyance. Seller is solvent and will not be rendered insolvent by the sale of the applicable Purchased Assets to the Purchaser and, after giving effect to such sale, Seller will not be left with an unreasonably small amount of capital with which to engage in its business. Seller does not intend to incur, nor believes that it has incurred, debts beyond its ability to pay such debts as they mature. Seller is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of Seller or any of its assets. The amount of consideration being received by Seller upon the sale of the Purchased Assets to the Purchaser constitutes reasonably equivalent value and fair consideration for such Purchased Assets. Seller is not transferring any Purchased Assets with any intent to hinder, delay or defraud any of its creditors.

(xi) Taxes. Seller has filed all federal and state tax returns which are required to be filed, unless an extension has been granted, and paid all taxes, including any assessments received by it, to the extent that such taxes have become due (other than for taxes that are being contested in good faith or for which it has established adequate reserves). Any taxes, fees and other governmental charges payable by Seller in connection with the sale of the applicable Purchased Assets to the Purchaser and the execution and delivery of the Facility Documents have been paid.

(xii) Corporate Separateness. Other than as provided in this Purchase Agreement and the other Facility Documents, Seller is not engaged in any business transactions with any of its Affiliates other than transactions in the ordinary course of its business, conducted in a commercially reasonable manner and on an "arm's length" basis.

(b) The Servicer represents and warrants to the Purchaser (and for the benefit of the Collateral Agent, each Swap Counterparty and the Secured Parties) that as of each applicable Closing Date:

(i) Due Organization and Authority. (a) The Servicer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all licenses necessary to carry on its business as now being conducted and is licensed, qualified and in good standing in each state where a Mortgaged Property is located if required to conduct business of the type conducted by it, and in any event it is in compliance with the laws of any such state to the extent necessary to ensure the servicing of any such Mortgage Loan in accordance with the terms of this Purchase Agreement, except where its failure to be licensed, qualified or in good standing in any such state, or where its failure to be in compliance with the laws of any such state, would not have a Material Adverse Effect; (b) the Servicer has the full power and authority to execute and deliver this Purchase Agreement and to perform its obligations in accordance herewith; (c) the execution, delivery and performance of this Purchase Agreement by the Servicer and the performance of the transactions contemplated hereby have been duly and validly authorized by it; (d) all requisite corporate action has been taken by the Servicer to make this Purchase Agreement valid and binding upon it pursuant to its terms; (e) this Purchase Agreement evidences the valid, binding and enforceable obligation of the Servicer, except that (1) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (2) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(ii) Ordinary Course of Business. The performance of the transactions contemplated by this Purchase Agreement are in the Servicer's ordinary course of business.

(iii) No Conflicts. Neither the execution and delivery of this Purchase Agreement or the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Purchase Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of its charter or by-laws or any material agreement or instrument to which it is now a party or by which it is bound, except where such conflict or breach would not have a Material Adverse Effect, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation in any material respect of any applicable law, rule, regulation, order, judgment or decree to which it or its property is subject, or impair the ability of the Purchaser to realize on the mortgage loans in any material respect, or impair the value of the mortgage loans in any material respect.

(iv) Ability to Service. The Servicer is an approved Servicer of mortgage loans for at least one of FHLMC and the Federal National Mortgage Association. The Servicer is eligible to service Mortgage Loans for at least one of FHLMC and the Federal National Mortgage Association and no event has occurred, including but not limited to a change in insurance coverage, which would make the Seller unable to comply with the eligibility requirements in all material respects of at least one of FHLMC and the Federal National Mortgage Association or which would require notification to FHLMC or the Federal National Mortgage Association. The Servicer is eligible to service mortgage

loans for the FHA and VA, and no event has occurred, including but not limited to a change in insurance coverage, which would make the Servicer unable to comply with FHA or VA eligibility requirements in all material respects, or which would require notification to either the FHA or VA.

(v) No Litigation Pending. There is no action, suit, proceeding or investigation pending or to the Servicer's knowledge threatened against it which, either in any one instance or in the aggregate, would draw into question the validity of this Purchase Agreement or of any action taken or to be taken in connection with the obligations of the Servicer contemplated herein, or which would be likely to impair materially the ability of the Servicer to perform under the terms of this Purchase Agreement or any Transfer Supplement.

(vi) No Consent Required. To the Servicer's knowledge, no consent, approval, authorization or order of any court or governmental agency or body including, without limitation, HUD, FHA or VA, is required for the execution, delivery and performance by it of or compliance with this Purchase Agreement, or if required, such approval has been obtained.

(vii) No Untrue Information. Neither this Purchase Agreement, any Transfer Supplement nor any written statement, written report or other document prepared by it pursuant to this Purchase Agreement or in connection with the transactions contemplated hereby contains any untrue statement of a material fact relating to the Servicer.

(viii) Financial Statements. The Servicer has delivered to the Purchaser consolidated financial statements as of the date hereof as to its last three complete fiscal years and any later quarter ended more than sixty (60) days prior to the execution of this Purchase Agreement. All such financial statements fairly present the pertinent results of operations and changes in financial position at the end of each such period of the Servicer and its subsidiaries and have been prepared pursuant to generally accepted accounting principles consistently applied throughout the periods involved, except as set forth in the notes thereto. There has been no change in the Servicer's business, operations, financial condition, properties or assets since the date of its most recently provided financial statements that would have a material adverse effect on its ability to perform its obligations under this Purchase Agreement.

(ix) Solvency. The Servicer is solvent.

Section 3.2 Representations and Warranties Regarding Individual Mortgage Loans; Eligibility Representations. With respect to each Mortgage Loan sold by the Seller to the Purchaser, the Seller hereby represents and warrants to the Purchaser (and for the benefit of the Collateral Agent, each Swap Counterparty and the Secured Parties) that as of the applicable Closing Date for such Mortgage Loan:

(a) Eligibility of Mortgage Loans. The Mortgage Loan is an Eligible Loan.

(b) Mortgage Loans as Described. The information set forth in the Mortgage Loan Schedule attached to the applicable Transfer Supplement is complete, true and correct in all material respects as of the date or dates that such information is specified therein.

(c) Valid First Lien. The Mortgage is a valid, subsisting, enforceable and perfected first lien on the Mortgaged Property, including all buildings on the Mortgaged Property, and all additions, alterations and replacements made at any time with respect to the foregoing. The lien of the Mortgage is subject only to:

- (1) the lien of the current real property taxes and assessments not yet due and payable;
- (2) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording acceptable to prudent mortgage lending institutions generally and specifically referred to in the lender's title insurance policy delivered to the originator of the Mortgage Loan and (i) referred to or to otherwise considered in the appraisal made for the originator of the Mortgage Loan or (ii) which do not materially adversely affect the appraised value of the Mortgaged Property set forth in such appraisal;
- (3) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property; and
- (4) in the case of a Mortgaged Property that is a condominium or an individual unit in a planned unit development, Liens for common charges permitted by statute.

Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Mortgage Loan establishes and creates a valid, subsisting and enforceable first lien and first priority security interest on the property described therein and the Seller has full right to sell and assign the same to the Purchaser. The Mortgaged Property was not, as of the date of origination of the Mortgage Loan, subject to a mortgage, deed of trust, deed to secure debt or other security instrument creating a lien senior to the lien of the Mortgage.

(d) Ownership. The Seller is the sole owner of record and holder of the Purchased Assets. Upon sale to the Issuer, the Purchased Assets will not be assigned or pledged (other than pursuant to such sale), and the Seller has good and marketable title thereto, and has full right to transfer and sell the Purchased Assets to the Purchaser free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest, and has full right and authority subject to no interest or participation of, or agreement with, any other party, to sell and assign the Purchased Assets pursuant to the related Transfer Supplement and following the sale of each Mortgage Loan, the Purchaser will own such Mortgage Loan free and

clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest, except such security interest created pursuant to the terms of this Agreement.

(e) No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement or chattel mortgage referred to in Section 3.2(c) hereof.

(f) Conformance with Underwriting Standards. The Mortgage Loan was underwritten in material compliance with the applicable Guidelines.

(g) Payments Current. No payments due with respect to the Mortgage Loan are thirty (30) days or more past their contractual due date.

(h) No Mortgagor Bankruptcy; Delinquencies. No Mortgagor is the subject of a bankruptcy or similar proceeding.

(i) No Outstanding Charges. There are no defaults in complying with the terms of the Mortgages, and all taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable. The Seller has not advanced (other than Buydown Loans) funds, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Mortgage Loan, except for certain closing charges and points incurred in connection with the closing of a Mortgage Loan and for interest accruing from the date of the Mortgage Note or date of disbursement of the Mortgage Loan proceeds to the day which precedes by one (1) month the Due Date of the first installment of principal and interest.

(j) Original Terms Unmodified. The terms of the Mortgage Note and Mortgage have not been impaired, waived, altered or modified in any respect from the date of origination, except by a written instrument which is included in the Mortgage Loan File. The substance of any such waiver, alteration or modification has been approved by the issuer of any related PMI Policy and the title insurer, to the extent required by the PMI Policy or title insurer, and by the FHA for the related FHA Loans, and the VA for the related VA Loans, and its terms are reflected on the related Mortgage Loan Schedule. No Mortgagor has been released, in whole or in part, except in connection with an assumption agreement approved by the issuer of any related PMI Policy and the title insurer, to the extent required by the PMI Policy or title insurer, and by the FHA for the related FHA Loans, and the VA for the related VA Loans, and which assumption agreement is part of the Mortgage Loan File delivered to the Servicer and the terms of which are reflected in the related Mortgage Loan Schedule.

(k) No Defenses. The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or, with respect to FHA Loans, impair the Purchaser's ability to collect full insurance benefits



under the FHA Mortgage Insurance Certificate, without indemnity to HUD, or, with respect to VA Loans, impair the Purchaser's ability to collect full value under the VA Loan Guaranty Certificate upon the Mortgagor's default, or subject to any right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto, and no Mortgagor was a debtor in any state or federal bankruptcy or insolvency proceeding at or subsequent to the time the Mortgage Loan was originated or as of the date hereof.

(l) Hazard Insurance. Pursuant to the terms of the Mortgage, all buildings or other improvements upon the Mortgaged Property are insured by (i) an FHA approved insurer with respect to each FHA Loan, (ii) a VA approved insurer with respect to each VA Loan or (iii) a generally acceptable insurer against loss by fire and extended coverage and coverage for such other hazards as are customary in the area where the Mortgaged Property is located pursuant to insurance policies conforming to the requirements of Section 4.11 hereof and of the FHA and VA, if applicable. If upon origination of the Mortgage Loan, the Mortgaged Property was in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available) a flood insurance policy meeting the requirements of the current guidelines of the Flood Insurance Administration is in effect which policy conforms to the requirements of Section 4.11 hereof and of the FHA and VA, if applicable. All individual insurance policies contain a standard mortgagee clause naming the Company and its successors and assigns as mortgagee, and all premiums thereon have been paid. The Mortgage obligates the Mortgagor thereunder to maintain the hazard insurance policy at the Mortgagor's cost and expense, and on the Mortgagor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at such Mortgagor's cost and expense, and to seek reimbursement therefor from the Mortgagor. The hazard insurance policy is the valid and binding obligation of the insurer and is in full force and effect. The Seller has not engaged in, and has no knowledge of the Mortgagor's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either.

(m) Compliance with Applicable Laws. Any applicable requirements of federal, state or local law including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity or disclosure laws and FHA Regulations and VA Regulations applicable to the Mortgage Loan have been complied with in all material respects.

(n) No Satisfaction of Mortgage. The Mortgage has not been satisfied, cancelled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would effect any such release, cancellation, subordination or rescission. The Seller has not waived the performance by the Mortgagor of any action, if the Mortgagor's failure to perform such action would cause the Mortgage Loan to be in default, nor has the Seller waived any default resulting from any action or inaction by the Mortgagor.

(o) Location and Type of Mortgaged Property. The Mortgaged Property is located in the state identified in the related Mortgage Loan Schedule and consists of a parcel of real property with a detached single family residence erected thereon, or a two-to-four family

dwelling, or an individual condominium unit, or an individual unit in a planned unit development; *provided, however*, no residence or dwelling is a mobile home or a manufactured dwelling unless such residence or dwelling has been converted to real property under the applicable law of the state in which it is located. The Mortgaged Property is not used primarily for commercial purposes. The Mortgage Loan was not made for the purpose of financing builder inventory.

(p) Validity of Mortgage Documents. The Mortgage Note and the Mortgage are genuine and each is the legal, valid and binding obligation of the maker thereof enforceable pursuant to its terms and under applicable law, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. All parties to the Mortgage Note and the Mortgage and any other related agreement had legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note and the Mortgage and any other related agreement, and the Mortgage Note and the Mortgage and any other related agreement have been duly and properly executed by such parties. The documents, instruments and agreements submitted for loan underwriting were not falsified by the related Mortgagor and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading. No fraud, material misrepresentation or material omission of fact with respect to a Mortgage Loan has taken place on the part of the Seller, the Mortgagor, any appraiser, any builder, any developer or any other party involved in the origination or servicing of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan or in connection with the sale of such Mortgage Loan to the Purchaser.

(q) Full Disbursement of Proceeds. Each Mortgage Loan has been closed and its proceeds have been fully disbursed by the lender and there is no requirement for future advances thereunder and any and all requirements as to completion of any on site or off site improvement and as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or Mortgage.

(r) Doing Business. All parties which have had any interest in the Mortgage Loan, whether as mortgagee, assignee, pledgee or otherwise, are (or, during the period in which they held and disposed of such interest, were) (i) in compliance with any applicable licensing requirements of the laws of the state wherein the Mortgaged Property is located, and (ii) organized under the laws of such state, or (iii) qualified to do business in such state or (iv) not required to qualify to do business in such state.

(s) LTV, PMI Policy. The original LTV of the Mortgage Loan (other than if such Mortgage Loan is an FHA Loan or a VA Loan) either was not more than 80%, or the excess over 80% is insured as to payment defaults by a PMI Policy until the LTV of such Mortgage Loan is reduced to not more than 80%. All material provisions of such PMI Policy have been and are being complied with, such policy is in full force and effect, and all premiums due thereunder have been paid. To the Seller's knowledge, no action, inaction, or event has occurred and no state of facts exists that has, or will result in the exclusion from, denial of, or defense to

coverage. Any Mortgage Loan subject to a PMI Policy obligates the Mortgagor thereunder to maintain the PMI Policy to the extent required under the related Mortgage Note and Mortgage and to pay all premiums and charges in connection therewith.

(t) Title Insurance. The Mortgage Loan is covered by (i) an attorney's opinion of title and abstract of title, the form and substance of which is acceptable to mortgage lending institutions making mortgage loans in the area where the Mortgaged Property is located, (ii) an ALTA lender's title insurance policy or other generally acceptable form of policy of insurance acceptable to FHLMC or GNMA, issued by a title insurer acceptable to FHLMC or GNMA and qualified to do business in the jurisdiction where the Mortgaged Property is located or if applicable, (iii) an attorney's opinion of title and abstract of title, the form and substance of which is acceptable to the FHA with respect to FHA Loans and the VA with respect to VA Loans or (iv) an ALTA lender's title insurance policy or other generally acceptable form of policy of insurance acceptable to (a) the FHA with respect to the FHA Loans, and (b) the VA with respect to the VA Loans, and each such title insurance policy is issued by a title insurer acceptable to the FHA or VA, as the case may be, and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring the Seller, its successors and assigns, as to the first priority lien of the Mortgage in the original principal amount of the mortgage loan, and against any loss by reason of the invalidity or unenforceability of the lien subject only to the exceptions contained in clauses (1), (2) and (3) of paragraph (c) of this Section 3.2. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress, and against encroachments by or upon the Mortgaged Property or any interest therein. The title policy does not contain any special exceptions (other than the standard exclusions) for zoning and uses and has been marked to delete the standard survey exception or to replace the standard survey exception with a specific survey reading. The Seller is the sole insured of such lender's title insurance policy, and such lender's title insurance policy is in full force and effect. No claims have been made under such lender's title insurance policy, and no prior holder of the Mortgage, including the Seller, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy.

(u) No Defaults. There is no default, breach, violation or event of acceleration existing under the Mortgage or the Mortgage Note, and neither the Seller nor its predecessors have expressly waived any default, breach, violation or event of acceleration.

(v) No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under the law could give rise to such liens) affecting the related Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the related Mortgage, which are not insured against by the applicable title policy.

(w) Customary Provisions. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale or (ii) otherwise, by judicial foreclosure. Upon default by a Mortgagor on a Mortgage Loan and foreclosure on, or trustee's sale of, the Mortgaged Property pursuant to the proper procedures,

the holder of the Mortgage Loan will be able to deliver good and marketable title to the Mortgaged Property. There is no homestead or other exemption available to the Mortgagor which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage subject to applicable federal and state laws and judicial precedent with respect to bankruptcy and right of redemption.

(x) Deeds of Trust. In the event that the Mortgage constitutes a deed of trust, a trustee, authorized and duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by the Purchaser to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor.

(y) Delivery of Mortgage Notes. Other than with respect to the Mortgage Loans described in the following sentence, the aggregate Outstanding Purchase Price of which shall not at any time exceed 3% of the aggregate Outstanding Purchase Price of all Mortgage Loans owned by the Purchaser at such time, the related Mortgage Note endorsed in blank or to the Purchaser required to be delivered by the Seller to the Custodian pursuant to Section 2.2 hereof will be delivered on or before the applicable Closing Date. With respect to any Mortgage Loan as to which a lost note affidavit has been included in the Mortgage Loan File certifying that the original Mortgage Note is a Lost Mortgage Note, (i) such lost note affidavit contains a provision pursuant to which the Seller shall indemnify and hold harmless the Purchaser, its successors and assigns against any loss, liability or damage, including reasonable attorney's fees, resulting from the unavailability of the original Mortgage Note including but not limited to any adverse effect on the net proceeds received in connection therewith, and (ii) neither (x) the enforcement of such Mortgage Loan or of the related Mortgage by or on behalf of the Purchaser and the net proceeds received in connection therewith nor (y) the salability and sales price of such Mortgage Loan will be materially adversely affected by the absence of the original Mortgage Note. A "Lost Mortgage Note" is a Mortgage Note the original of which was permanently lost or destroyed and has not been replaced.

(z) Transfer of Mortgage Loans. The Assignment of Mortgage (other than with respect to an original Mortgage recorded in the name of MERS) is in recordable form and is acceptable for recording under the laws of the jurisdiction in which the Mortgaged Property is located.

(aa) Due on Sale. The Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the mortgage loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the Mortgagee thereunder.

(bb) Mortgaged Property Undamaged. There is no proceeding pending or threatened for the total or partial condemnation of the Mortgaged Property. The Mortgaged Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado or other casualty so as to affect materially adversely the value of the Mortgaged Property as security for the mortgage loan or the use for which the premises were intended.

(cc) Collection Practices; Escrow Deposits; Interest Rate Adjustments. The origination and collection practices used with respect to the Mortgage Loan have been pursuant

to Accepted Servicing Practices and have been in compliance with in all material respects with applicable laws and regulations. With respect to escrow deposits and Escrow Payments, all such payments are in the possession of the Seller and there exist no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made or for which repayment is not provided for in the Mortgage. Each Mortgage Loan is covered by a life of loan tax service contract. All Escrow Payments have been collected in compliance with applicable state and federal law. Where the applicable Mortgage Note or Mortgage so provides, an escrow of funds has been established in an amount sufficient to pay for each applicable item which remains unpaid and which has been assessed but is not yet due and payable. No escrow deposits or Escrow Payments or other charges or payments due the Seller have been capitalized under the Mortgage or the Mortgage Note. All interest rate adjustments in respect of Mortgage Loans have been made in strict compliance with state and federal law and the terms of the related Mortgage and Mortgage Note.

(dd) Appraisal. The Mortgage Loan File contains an appraisal of the related Mortgaged Property signed prior to the approval of the mortgage loan application by a qualified appraiser, duly appointed by or acceptable to the Seller, who had no interest, direct or indirect in the Mortgaged Property or in any loan made on the security thereof; and whose compensation is not affected by the approval or disapproval of the Mortgage Loan, and the appraiser and appraisal both satisfy requirements of the FHA or VA, if applicable. In the alternative, the Mortgage Loan File may contain other documentation of property value acceptable to the Agencies in lieu of an appraisal, including a Mortgagor's Statement of Value.

(ee) Servicemembers Civil Relief Act. The Seller has not received a written request for relief from the Mortgagor under the Servicemembers Civil Relief Act of 1940 or any similar state statute.

(ff) Environmental Matters. The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation. There is no pending action or proceeding directly involving any Mortgaged Property of which the Seller is aware in which compliance with any environmental law, rule or regulation is an issue; and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation consisting of a prerequisite to use and enjoyment of said property; the underlying Mortgaged Property is not subject to any lien related to the existence of any clean-up of a hazardous substance.

(gg) No Construction Loans. No mortgage loan (i) was made for the construction or rehabilitation of a Mortgaged Property which has not been completed unless an adequate escrow account has been established for the completion of the construction or rehabilitation of such Mortgaged Property; (ii) provides for future advances of funds by the Seller which have not yet been advanced; or (iii) facilitates the trade-in or exchange of a Mortgaged Property.

(hh) No Denial of Insurance. No action, inaction, or event has occurred and no state of facts exists or has existed that has resulted or would result in the exclusion from, denial of, or defense to coverage under any applicable PMI Policy or bankruptcy bond, irrespective of the cause of such failure of coverage. In connection with the placement of any such insurance no

commission, fee, or other compensation has been or will be received by the Seller or any designee of the Seller or any corporation in which the Seller or any officer, director or employee had a financial interest at the time of placement of such insurance, unless the receipt of such proceeds is in accordance with applicable law.

(ii) Regarding the Mortgagor. The Mortgagor is one or more natural persons, living trusts or Illinois land trusts and any such "living trust" is in compliance with FHLMC guidelines for such trusts.

(jj) Condominiums/Planned Unit Developments. If the Mortgaged Property is a condominium unit or a planned unit development for an FHA Loan or a VA Loan (other than a *de minimus* planned unit development) such condominium or planned unit development project meets FHA, VA and GNMA eligibility requirements for sale to GNMA or is located in a condominium or planned unit development project which has received FHA, VA and GNMA project approval and the representations and warranties required by the FHA, VA and GNMA with respect to such condominium or planned unit development have been made and remain true and correct in all material respects.

(kk) FHA Mortgage Insurance; VA Loan Guaranty. With respect to the FHA Loans, either (i) the FHA Mortgage Insurance Certificate is in full force and effect and there exist no material impairments to full recovery without indemnity to HUD or the FHA under FHA Mortgage Insurance or (ii) the Mortgage Loan meets all standards for the issuance of an FHA Mortgage Insurance Certificate. With respect to the VA Loans, either (i) the VA Loan Guaranty Certificate is in full force and effect to the maximum extent stated therein or (ii) the Mortgage Loan meets all standards for the issuance of a VA Loan Guaranty Certificate. To the extent such guaranty or insurance has been obtained all necessary steps have been taken to keep such guaranty or insurance valid, binding and enforceable as of the Closing Date and each of such is the binding, valid and enforceable obligation of the FHA and the VA, respectively, to the full extent thereof, without surcharge, set-off or defense as of the Closing Date.

(ll) No Adverse Selection Procedures. No portfolio of Mortgage Loans sold pursuant to a Transfer Supplement was selected from Mortgage Loans originated by the Seller or purchased by the Seller from third-parties in a manner so as to materially adversely affect the interests of the Purchaser.

(mm) HOEPA. No Mortgage Loan is (a) subject to, covered by or in violation of the provisions of the Homeownership and Equity Protection Act of 1994, as amended, (b) a "high cost", "covered", "abusive", "predatory", "threshold", "Oklahoma Section 10" or "high risk" mortgage loan (or a similarly designated loan using different terminology) under any federal, state or local law, including without limitation, the provisions of the Georgia Fair Lending Act, New York Banking Law, Section 6-1, the City of Oakland, California Anti-Predatory Lending Ordinance No. 12361, the Arkansas Home Loan Protection Act, effective as of June 14, 2003, Kentucky State Statute KRS 360.100, effective as of June 25, 2003, the New Jersey Home Ownership Security Act of 2002 (the "NJ Act") (or "covered refinancings", "home improvement loans", or loans secured by manufactured housing under the NJ Act), the New Mexico Home Loan Protection Act (N.M. Stat. Ann. §§ 58-21A-1 et seq.), the Illinois High-Risk Home Loan Act (815 Ill. Comp. Stat. 137/1 et seq.), the Oklahoma Home Ownership and Equity

Protection Act, Nevada Assembly Bill No. 284, effective as of Oct. 1, 2003, the Minnesota Residential Mortgage Originator and Servicer Licensing Act (MN Stat. §58.137), the South Carolina High-Cost and Consumer Home Loans Act, effective January 1, 2004, or any other statute or regulation providing assignee liability to holders of such mortgage loans, or (c) subject to or in violation of any such or comparable federal, state or local statutes or regulations.

(nn) Property in Georgia. No Mortgage Loan secured by a Mortgaged Property located in Georgia is either a "Covered Loan" or "High Cost Home Loan" within the meaning of the Georgia Fair Lending Act, as amended (the "Georgia Act"). In addition, no Mortgage Loan secured by a Mortgaged Property located in Georgia was originated prior to March 7, 2003 and after October 1, 2002.

(oo) Qualified Forward Contracts. After giving effect to the assignment of any (x) Series 2005-1 Qualified Forward Contract under this Purchase Agreement, the Purchaser (and the Servicer or the Collateral Agent acting on its behalf) shall have the full right and authority and all powers of attorney and other documentation necessary to deliver Series 2005-1 Mortgage Loans or Series 2005-1 Securitization Securities, as applicable, into such Series 2005-1 Qualified Forward Contract and to otherwise exercise the rights of the Seller thereunder without any action on the part of the Seller or obtaining any consent or waiver from the counterparty thereunder and (y) Series 2008-1 Qualified Forward Contract under this Purchase Agreement, the Purchaser (and the Servicer or the Collateral Agent acting on its behalf) shall have the full right and authority and all powers of attorney and other documentation necessary to deliver Series 2008-1 Mortgage Loans or Series 2008-1 Securitization Securities, as applicable, into such Series 2008-1 Qualified Forward Contract and to otherwise exercise the rights of the Seller thereunder without any action on the part of the Seller or obtaining any consent or waiver from the counterparty thereunder. Each Qualified Forward Contract is a genuine, legal, valid and binding obligation of the Seller and, to the knowledge of the Seller, the related Qualified Counterparty, enforceable against the Seller and, to the knowledge of the Seller, the related Qualified Counterparty, pursuant to its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. No Qualified Forward Contract is subject to any right of rescission, set-off, counterclaim or defense that would prevent the Purchaser (or the Servicer or the Collateral Agent, acting on its behalf) from exercising the rights of the Seller under such Qualified Forward Contract as assigned to the Purchaser hereunder.

(pp) Deemed Representation. If any representation and warranty required by mortgage loan buyers generally in purchases of mortgage loans having characteristics similar to the Mortgage Loan, or commercial paper conduits or other Financing parties in connection with the Financing of mortgage loans having characteristics similar to the Mortgage Loan is not covered by the representations and warranties in the foregoing subparagraphs (a) through (oo) (each, a "Deemed Representation"), then, upon prior written notice thereof to the Seller, the Purchaser and each Swap Counterparty from the Seller, the Servicer, the Issuer or any Swap Counterparty, such Deemed Representation shall be deemed to have been made with respect to such Mortgage Loan by the Seller as of the applicable Closing Date unless such Deemed Representation relates to the collectibility or credit risk of such Mortgage Loan and for which such Deemed Representation would constitute recourse to such Seller for the collectibility of such Mortgage Loan.

(qq) Location of Improvements; No Encroachments. As of the date the Appraised Value was determined, all improvements which were considered in determining the Appraised Value of the Mortgaged Property lay wholly within the boundaries and building restriction lines of the Mortgaged Property and no improvements on adjoining properties encroach upon the Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning and building law, ordinance or regulation.

(rr) No Buydown Provisions; No Graduated Payments or Contingent Interests. The Mortgage Loan does not contain provisions pursuant to which Monthly Payments are paid or partially paid with funds deposited in any separate account established by Seller, the Mortgagor or anyone on behalf of the Mortgagor, or paid by any source other than the Mortgagor nor does it contain any other similar provisions currently in effect which may constitute a "buydown" provision. The Mortgage Loan is not a graduated payment mortgage loan and the Mortgage Loan does not have a shared appreciation or other contingent interest feature.

(ss) Consolidation of Future Advances. Any future advances made prior to the related Closing Date have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term. The lien of the Mortgage securing the consolidated principal amount is expressly insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the Mortgagee's consolidated interest or by other title evidence acceptable to FHLMC.

(tt) Simple Interest Loans. None of the Mortgage Loans are simple interest loans.

(uu) [RESERVED].

(vv) Mortgage Submitted for Recordation. The Mortgage either has been or will promptly be submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Mortgaged Property is located.

(ww) Endorsements. Each Note has been endorsed by a duly authorized officer of Seller for its own account and not as a fiduciary, trustee, trustor or beneficiary under a trust agreement.

(xx) Single Premium Credit Insurance. No Mortgagor was required to purchase any single premium credit insurance policy (e.g., life, mortgage, disability, accident, unemployment, property or health insurance product) or debt cancellation agreement as a condition of obtaining the extension of credit.

(yy) Balloon Loans. No Mortgage Loan is a Balloon Loan.

(zz) USA Patriot Act of 2001. The Seller has complied with all applicable anti money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the "Anti-Money Laundering Laws"). The Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws, has



conducted the requisite due diligence in connection with the origination of each Mortgage Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable mortgagor and the origin of the assets used by the said mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable mortgagor for purposes of the Anti-Money Laundering Laws. No Mortgage Loan is subject to nullification pursuant to Executive Order 13224 (the "Executive Order") or the regulations promulgated by the Office of Foreign Assets Control of the United States Department of the Treasury (the "OFAC Regulations") or in violation of the Executive Order or the OFAC Regulations, and no Mortgagor is subject to the provisions of such Executive Order or the OFAC Regulations nor listed as a "blocked person" for purposes of the OFAC Regulations.

(aaa) No Arbitration. With respect to each Mortgage Loan, neither the related Mortgage nor the related Mortgage Note requires the Mortgagor to submit to arbitration to resolve any dispute arising out of or relating in any way to the Mortgage Loan transaction.

(bbb) [RESERVED].

(ccc) [RESERVED].

(ddd) MERS Designated Loans. With respect to each MERS designated Mortgage Loan, the related Assignment of Mortgage to MERS has been duly and properly recorded. With respect to each MERS Mortgage Loan, no Mortgagor has received any notice of liens or legal actions with respect to such Mortgage Loan and no such notices have been electronically posted by MERS.

Section 3.3 Remedies for Breach of Representations and Warranties. It is understood and agreed that the representations and warranties set forth in Sections 3.1 and 3.2 hereof shall survive the sale of each Mortgage Loan to the Purchaser and the delivery of the Loan Documents to the Servicer and shall inure to the benefit of the Purchaser and the Collateral Agent and the Secured Parties notwithstanding any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or the examination or failure to examine any Mortgage Loan File. Upon discovery by any of the Seller, the Servicer or the Purchaser of a breach of any of the foregoing representations and warranties which adversely affects the value of any Mortgage Loan or the interest of the Purchaser (or which adversely affects the interest of the Purchaser in the related Mortgage Loan in the case of a representation and warranty relating to a particular Mortgage Loan), the party discovering such breach shall give prompt written notice to the other, the Indenture Trustee, the Collateral Agent and the applicable Swap Counterparty.

Within five (5) Business Days of the earlier of either discovery by or notice to the Seller by any Person (including the applicable Swap Counterparty) of any breach of a representation or warranty set forth in Section 3.2 (other than Section 3.2(oo)) hereof with respect to any Mortgage Loan, or a representation or warranty set forth in Section 3.1 hereof, in either case, which adversely affects the value of such Mortgage Loan or the interests of the Purchaser, the Seller shall use commercially reasonable efforts promptly to cure such breach in all material respects and, if such breach cannot be cured, or is not cured, within such five (5) Business Days time period, the Seller shall repurchase such Mortgage Loan at the Repurchase

Price. Within two (2) Business Days of the earlier of either discovery by or notice to the Seller by any Person (including the applicable Swap Counterparty) of any breach of a representation or warranty set forth in Section 3.2(oo) hereof, the Seller shall use commercially reasonable efforts promptly to cure such breach and, if such breach cannot be cured or is not cured within such two (2) Business Day period, the Seller shall either (x) replace each Qualified Forward Contract that is the subject of such breach with a Replacement Forward Contract with respect to which the representation or warranty in Section 3.2(oo) hereof would not be breached or (y) repurchase the Mortgage Loans allocated to the Qualified Forward Contract that is the subject of such breach at the Repurchase Price. Within five (5) Business Days of a Mortgage Loan becoming a First Pay Default Loan, the Seller shall use commercially reasonable efforts promptly to procure the related Mortgagor to cure such payment default and, if such default cannot be cured, or is not cured, within such five (5) Business Day time period, the Seller shall repurchase such Mortgage Loan at the Repurchase Price. Upon receipt of the Repurchase Price by the Collateral Agent, the Purchaser and the Seller shall arrange for the reassignment of the Mortgage Loan or Mortgage Loans to the Seller. The repurchase obligations described in this paragraph are separate from, and not to be accomplished pursuant to, Section 2.8 hereof.

With respect to the Qualified Forward Contract related to each Mortgage Loan that is either repurchased by the Seller or repaid in full, such Qualified Forward Contract shall be paired with a replacement Mortgage Loan for such repurchased or repaid Mortgage Loan within one (1) Business Day or such Qualified Forward Contract shall be sold by the Purchaser on the next Business Day thereafter. Any Series 2005-1 Mortgage Loan not bought back by the Seller pursuant to this Section 3.3 which is sold by the Servicer or the Collateral Agent on behalf of the Purchaser, will result in the assignment to the Series 2005-1 Swap Counterparty of the Purchaser's claim against the Seller under this Purchase Agreement to the extent of any amounts paid by such Swap Counterparty in respect of such Series 2005-1 Mortgage Loan as a Partial Termination Payment pursuant to the Series 2005-1 Interest Rate Swap. Any Series 2008-1 Mortgage Loan not bought back by the Seller pursuant to this Section 3.3 and sold by the Servicer or the Collateral Agent on behalf of the Purchaser, will result in the assignment to the Series 2008-1 Swap Counterparty of the Purchaser's claim against the Seller under this Purchase Agreement to the extent of any amounts paid by such Swap Counterparty in respect of such Series 2008-1 Mortgage Loan as a Partial Termination Payment pursuant to the Series 2008-1 Interest Rate Swap.

In addition to such repurchase obligation, the Seller shall indemnify the Purchaser and the Collateral Agent and the Secured Parties, and hold them harmless against any losses, damages, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs, judgments and other costs and expenses resulting from any third-party claim, demand, defense or assertion based on or grounded upon, or resulting from, a breach of the Seller's representations and warranties contained in this Purchase Agreement, but only to the extent such costs and expenses are not attributable to credit losses on the Mortgage Loans and are not otherwise included in the Repurchase Price; *provided, however*, that the Seller will not indemnify the Purchaser and the Collateral Agent for any credit losses with respect to the Eligible Loans. The Seller shall not be obligated under this indemnity for any indirect or consequential damages. It is understood and agreed that the obligations of the Seller set forth in this Section 3.3 to cure or repurchase a Mortgage Loan and to indemnify the Purchaser constitute the sole and exclusive

remedies of the Purchaser respecting a breach of the foregoing representations and warranties, or any First Pay Default Loans.

Section 3.4 Conditions to Amendment Closing Date.

(a) Conditions to Amendment Closing Date. The obligations of the parties hereto under this Purchase Agreement (as amended and restated) are subject to the condition precedent that the Purchaser and the Company shall have received all of the following, each duly executed and dated as of the Amendment Closing Date (or such earlier date as shall be satisfactory to the Purchaser and the Company) in form and substance satisfactory to the Purchaser and the Company:

(i) Facility Documents. The Purchase Agreement and each other Facility Document amended and restated as of the Amendment Closing Date, duly executed by each of the parties thereto as of the Amendment Closing Date.

(ii) Resolutions; Organizational Documents. In connection with the Amendment Closing Date, certified copies of resolutions of the Board of Directors of each of the Seller and the Servicer authorizing the execution, delivery and performance of this Purchase Agreement and each other Facility Document amended and restated as of the Amendment Closing Date to which it is a party, together with a certified copy of the organizational documents and governing instruments, as applicable, of each of the Seller, the Servicer and the Purchaser.

(iii) Incumbency and Signatures. In connection with the Amendment Closing Date, a Certificate of the Secretary or an Assistant Secretary of each of the Seller, the Servicer, the Depositary, the Manager, the Indenture Trustee and each Swap Counterparty certifying the names of its officer or officers authorized to sign the Purchase Agreement, the Notes issued as of the Amendment Closing Date and the other amended and restated Facility Documents to which it is a party.

(iv) Good Standing Certificates. In connection with the Amendment Closing Date, good standing certificates for the Seller, the Servicer and the Purchaser issued as of a recent date acceptable to the Purchaser, the Seller and the Servicer by the Secretary of State of each jurisdiction that the Purchaser, the Seller and the Servicer deem necessary or desirable.

(v) Opinion of Counsel. In connection with the Amendment Closing Date, favorable opinions from counsel to Purchaser, the Seller, the Servicer, each Swap Counterparty, the Indenture Trustee and the Manager, in form and substance acceptable to the Purchaser, the Seller and the Servicer.

(vi) [RESERVED].

(vii) Ratings. In connection with the Amendment Closing Date, copies of letters evidencing (i) that the Series 2008-1 Notes are rated at least "A-1+" and "P-1" by S&P and Moody's, respectively and (ii) that Rating Agency Confirmation has been obtained with respect to all outstanding Series of Notes.

(viii) Private Placement Memorandum. In connection with the Amendment Closing Date, a final copy of the private placement memorandum relating to the Short Term Notes.

(ix) DTC Letter of Representations. In connection with the Amendment Closing Date, a copy of a Letter of Representations relating to the Series 2008-1 Notes executed by the Purchaser and accepted and agreed to by The Depository Trust Company.

(x) Agreement as to Effectiveness. The parties hereto agree to the effectiveness of this Purchase Agreement as of the Amendment Closing Date.

(xi) Other. In connection with the Amendment Closing Date, such other documents as the Purchaser or the Seller or the Servicer may reasonably request.

(b) Conditions to Each Closing. The obligation of the Purchaser to purchase the Mortgage Loans that are the subject of any Transfer Supplement shall be subject to satisfaction of each of the following conditions on or before the related Closing Date:

(i) All of the representations and warranties of the Seller contained in (A) Section 3.1 hereof and (B) only with respect to Mortgage Loans sold on the related Closing Date, Section 3.2 hereof, shall be true and correct in all material respects as of such Closing Date and no Servicer Event of Default shall have occurred and be continuing under this Purchase Agreement;

(ii) The Seller shall have delivered and released to the Custodian all documents, including, without limitation, any Qualifying Documents, required as of the Closing Date to be delivered to the Custodian pursuant to this Purchase Agreement and the Custodial Agreement; and

(iii) No Termination Event shall have occurred and be continuing.

#### Section 3.5 Covenants of the Seller, the Servicer and the Purchaser.

##### (a) Covenants of the Seller and the Purchaser.

(i) Factual Assumption in True-Sale/Non-Consolidation Opinion. The Seller and the Purchaser shall maintain the truth and accuracy of all facts assumed by Cadwalader, Wickersham & Taft LLP in the true-sale/non-consolidation opinion and shall not take or omit to take any action that would result in a change to the continuing truth and accuracy of any of the factual assumptions in the true-sale/non-consolidation opinion.

(ii) Accounting Treatment of Purchaser. The Seller shall consolidate the assets and liabilities of the Purchaser with the assets and liabilities of the Seller in all Financial Statements published and prepared by the Seller, the Purchaser and their Affiliates in accordance with GAAP or any successor accounting standard thereto. Such Financial Statements shall contain a footnote substantially to the effect that the Purchaser

has been established by the Seller as a special-purpose warehouse finance subsidiary of the Seller, and that the Purchaser has purchased the Mortgage Loans and issued and sold the Notes.

(b) Covenants of the Seller.

(i) Licenses. The Seller shall maintain its qualifications to do business and all licenses necessary to perform its obligations hereunder except where the failure to maintain such qualification or license would not have a material adverse effect on its ability to perform its obligation under this Purchase Agreement.

(ii) Changes in Origination and Underwriting Criteria. The Seller shall inform each Rating Agency rating any outstanding Notes and each Swap Counterparty of any material changes (as determined by the Seller) in its origination and underwriting practices and guidelines with respect to the Eligible Loans.

(iii) LLC Agreement. The Seller shall comply with the covenants listed in Section 3.4 of the LLC Agreement.

(iv) Reports. During the term of this Purchase Agreement, the Seller shall furnish to Moody's (i) on a monthly basis such facility content reports and borrowing base reports as were prepared during the related month, (ii) a notification of any proposed renewal of any Interest Rate Swap prior to the date that is two months prior to the required renewal date of such Interest Rate Swap and (iii) promptly after renewal, a notification that such renewal of such Interest Rate Swap actually occurred.

(v) Qualified Forward Contracts. With respect to each Qualified Forward Contract, the Seller shall (i) obtain Rating Agency Confirmation prior to (A) the assignment of its rights or obligations thereunder to another party or consenting to the assignment of the counterparty's rights and obligations thereunder and (B) modifying or waiving any provision thereof and (ii) provide notice to the Rating Agencies if such Qualified Forward Contract is terminated by either party thereto.

(c) Covenants of the Servicer.

(i) Servicing Standards/Sales and Securitizations. The Servicer will administer and service Mortgage Loans, and arrange for the sale or Securitization of Mortgage Loans, pursuant to the terms of this Purchase Agreement, the Mortgage Notes, applicable law and Accepted Servicing Practices.

(ii) Defaulted Loans. The Servicer shall sell on behalf of the Purchaser any Mortgage Loan that becomes a Defaulted Loan as soon as practicable after becoming a Defaulted Loan but in any event within twenty (20) days of obtaining actual knowledge that such Mortgage Loan has become a Defaulted Loan.

(iii) Ten Percent Obligor. The Servicer shall use commercially reasonable efforts to arrange for sales or Securitizations of Mortgage Loans to assure that the unpaid principal balance of Series 2005-1 Mortgage Loans payable by a single obligor shall not

exceed 10% of the unpaid principal balance of all Series 2005-1 Mortgage Loans owned by the Purchaser at any time, and (ii) Series 2008-1 Mortgage Loans payable by a single obligor shall not exceed 10% of the unpaid principal balance of all Series 2008-1 Mortgage Loans owned by the Purchaser at any time.

(iv) Maintenance of Perfection and Priority. The Servicer covenants to maintain the perfection and priority of the security interest of the Purchaser and the Collateral Agent, on behalf of the Secured Parties, in the Mortgage Loans in accordance with paragraph 12 of the Perfection Representations attached hereto as Schedule A. The Servicer covenants not to pledge, transfer, assign, sell, dispose of or otherwise deliver any Loan Documents other than in accordance with the Facility Documents.

(v) Maintenance of List of Loans. Upon the written request of the Purchaser, the Servicer shall use commercially reasonable efforts to provide the Purchaser as soon as practicable, but in any event within one (1) Business Day of the request thereof, a list of all Mortgage Loans owned by the Purchaser as of the close of business on the Business Day preceding the date of such request (each, a "List of Loans").

(vi) Qualified Forward Contracts. The Servicer shall arrange for a Pricing Allocation or Sale Allocation, as applicable, to be made with respect to Qualified Forward Contracts, sufficient for the Forward Coverage Test to be complied with on each day, in accordance with its Customary Servicing Procedures. The allocation of a Mortgage Loan from time to time to a particular Qualified Forward Contract shall not preclude the Servicer from changing such allocation at any time, or arranging for a Qualified Settlement, subject always to the terms of this Purchase Agreement and the other Facility Documents and subject to the requirement that Series 2005-1 Mortgage Loans shall only be allocated to Series 2005-1 Qualified Forward Contracts and Series 2008-1 Mortgage Loans shall only be allocated to Series 2008-1 Qualified Forward Contracts. The Servicer shall maintain detailed records of all Qualified Forward Contracts, Qualified Settlements (including a record of each Predecessor Forward Contract, the related Replacement Forward Contract or Replacement Forward Contracts and the specific Mortgage Loans or Securitization Securities that were subject to the Predecessor Forward Contract and the Pricing Allocation or Sale Allocation of the Mortgage Loans and Securitization Securities to each Qualified Forward Contract). The Servicer shall give written notice to the Issuer, the Collateral Agent, the Indenture Trustee, the Custodian, the applicable Swap Counterparty and the Rating Agencies, of any Qualified Counterparty that becomes a Defaulting Counterparty or an Ineligible Counterparty within one (1) Business Day of the occurrence of the Servicer becoming aware of the event pursuant to which such Person became a Defaulting Counterparty or Ineligible Counterparty, as the case may be. The Servicer shall give written notice to the Issuer, the Short Term Note Dealers and the applicable Swap Counterparty of any violation or waiver of the Qualified Counterparty Concentration Limits.

(vii) Extension of Delivery Date. The Servicer shall only extend the delivery date of a Qualified Forward Contract in connection with a Qualified Settlement or if the Replacement Forward Contract provides for the same or higher delivery price (other than accrued interest) as the Predecessor Forward Contract.

(viii) Assignment of Trades with GNMA. The Servicer, on behalf of the Purchaser, shall not conduct any assignment of trade in respect of any Forward Trade with GNMA unless the Issuer is an Approved Seller to GNMA.

(ix) Loan Documents. The Servicer shall cause all closing agents and correspondents to deliver all Loan Documents to the Servicer's central loan processing center.

(x) Reports. During the term of this Purchase Agreement, the Servicer shall furnish to the Rating Agencies on a monthly basis such facility content reports and borrowing base reports as were prepared during the related month.

(xi) Non-Delivered Non-Delinquent Loans. Subject to Section 11.2 hereof, the Servicer shall sell on behalf of the Purchaser any Mortgage Loan that becomes a Non-Delivered Non-Delinquent Mortgage Loan not later than five (5) Business Days prior to the day that such Mortgage Loan may become a Delinquent Loan. To the extent any Non-Delivered Non-Delinquent Mortgage Loan is not sold on or before the fifth (5<sup>th</sup>) Business Day prior to the day that such Mortgage Loan may become a Delinquent Loan (a "Failure to Sell Date"), the Collateral Agent shall hold an auction (a "Failure to Sell Auction") for the sale of such Non-Delivered Non-Delinquent Mortgage Loan for settlement not later than three (3) Business Days following the Failure to Sell Date. The Collateral Agent shall notify potential bidders of the Failure to Sell Auction, including the Rated Bidder, who will be obligated to make a bid in such auction, and each Swap Counterparty. The Collateral Agent shall sell such Non-Delivered Non-Delinquent Mortgage Loan to the highest bidder, including any Swap Counterparty that is the highest bidder.

(d) Covenants of the Seller and the Servicer.

(i) Defense of Title. Seller warrants and will defend the right, title and interest of Purchaser in and to all Purchased Assets against all adverse claims and demands.

(ii) No Amendment or Compromise. None of Seller or those acting on Seller's behalf shall amend, modify, or waive any term or condition of, or settle or compromise any claim in respect of, any item of the Purchased Assets, any related rights or any of the Facility Documents without the prior written consent of Purchaser, except if such amendment or modification does not (i) affect the amount or timing of any payment of principal or interest payable with respect to a Mortgage Loan, extend its scheduled maturity date, modify its interest rate, or constitute a cancellation or discharge of its outstanding principal balance or (ii) materially and adversely affect the security afforded by the real property, furnishings, fixtures, or equipment securing the Mortgage Loan. Notwithstanding the foregoing, the Servicer may amend, modify or waive any term or condition of the Mortgage Loan in accordance with Accepted Servicing Practices; *provided* that Seller shall cause the Servicer to promptly notify Purchaser of any such amendment, modification or waiver.

(iii) No Assignment. Except as permitted herein, none of Seller or any Servicer shall sell, assign, transfer or otherwise dispose of, or grant any option with respect to, or pledge, hypothecate or grant a security interest in, or Lien on or otherwise encumber (except pursuant to the Facility Documents) any of the Purchased Assets or any interest therein, provided that this Section 3.5(d) shall not prevent any of the following: any contribution, sale, assignment, transfer or conveyance of Purchased Assets in accordance with the Facility Documents and any forward purchase commitment or other type of take out commitment for the Purchased Assets (without vesting rights in the related purchases as against Purchaser).

(iv) Servicing of Loans. Seller shall cause the Servicer to hold or cause to be held all escrow funds collected with respect to the Mortgage Loans in trust accounts in trust for the respective borrowers and shall apply the same for the purposes for which such funds were collected. If Seller should discover that, for any reason whatsoever, the Servicer has failed to perform fully its servicing obligations with respect to the Mortgage Loans, Seller shall promptly notify Purchaser.

(v) Nature of Business. Seller shall not make any material change in the nature of its business as carried on at the date hereof.

(vi) Insurance. Seller will, and Seller shall cause the Servicer to, obtain and maintain insurance with responsible companies in such amounts and against such risks as are customarily carried by business entities engaged in similar businesses similarly situated, and will furnish Purchaser on request full information as to all such insurance, and provide within fifteen (15) days after receipt of such request the certificates or other documents evidencing renewal of each such policy. Seller shall continue to maintain coverage, for itself and its subsidiaries, that encompasses employee dishonesty, forgery or alteration, theft, disappearance and destruction, robbery and safe burglary, property (other than money and securities), and computer fraud in an aggregate amount of at least \$1,000,000.

(vii) MERS. The Servicer shall continue to be a member of MERS in good standing at all times during the term of this Agreement.

(e) Notice to Swap Counterparty. The Servicer shall provide each Swap Counterparty with prompt written notice of any event that would constitute a breach of Section 11.2(p) hereof.

Section 3.6 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller that as of each applicable Closing Date:

(a) Due Organization. The Purchaser is a limited liability company duly formed and validly existing under the laws of the State of Delaware;

(b) Due Authorization; Enforceability. The Facility Documents to which the Purchaser is a party, assuming due authorization, execution and delivery by the Manager, constitute valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency,



reorganization and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles, regardless of whether such enforcement is considered in a proceeding in equity or at law;

(c) No Conflicts. The execution and delivery of the Facility Documents to which the Purchaser is a party by the Purchaser and its performance of and compliance with the terms of the Facility Documents to which the Purchaser is a party will not violate the Purchaser's LLC Agreement or certificate of formation, and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Purchaser is a party or by which the Purchaser or to which any property or assets of the Purchaser is subject;

(d) No Defaults. The Purchaser is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Purchaser or its properties or might have consequences that would affect its performance hereunder; and

(e) No Litigation. No litigation is pending or, to the Purchaser's knowledge, threatened against the Purchaser which would prohibit its entering into this Agreement or performing its obligations under this Agreement.

Section 3.7 Perfection Representations. The Perfection Representations shall be a part of this Purchase Agreement for all purposes.

## ARTICLE IV

### ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

Section 4.1 The Servicer; Servicing and Administration of the Mortgage Loans. (a) (i) The Purchaser hereby appoints, authorizes and empowers the Servicer to perform all of the duties and responsibilities of the Servicer under this Purchase Agreement. The Servicer, as an independent contract servicer, shall service and administer the Mortgage Loans. The Servicer shall act in the best interest of and for the benefit of the Purchaser with a view to the maximization of timely recovery of principal and interest on the Mortgage Loans and in a manner that will maximize the proceeds of sales and Securitizations of the Mortgage Loans. The Servicer will perform under any Qualified Forward Contracts assigned to the Purchaser pursuant to Section 2.1(a) hereof. The Servicer will be required to service and administer each Mortgage Loan in accordance with the Guidelines and in the same manner in which, and with the same care, skill, prudence and diligence with which, it services and administers similar mortgage loans which it owns.

The Servicer shall service the Eligible Loans in a manner consistent with the Portfolio Criteria and the Portfolio Aging Limitations. Additionally, (x) as any Series 2005-1 Note becomes due and payable, whether pursuant to the terms thereof or by the occurrence of an Indenture Event of Default that results in the acceleration of the maturities of the Series 2005-1 Notes or Optional Repurchase, maturity or otherwise, the Purchaser shall cause the Servicer to

arrange for the sale or securitization of Series 2005-1 Mortgage Loans at such times and in such manner so that the proceeds of the sale or securitization, together with amounts received by the Purchaser in connection with the Series 2005-1 Interest Rate Swap, are available to pay amounts due and owing on such Series 2005-1 Notes at any time when due and owing and (y) as any Series 2008-1 Note becomes due and payable, whether pursuant to the terms thereof or by the occurrence of an Indenture Event of Default that results in the acceleration of the maturities of the Series 2008-1 Notes or Optional Repurchase, maturity or otherwise, the Purchaser shall cause the Servicer to arrange for the sale or securitization of Series 2008-1 Mortgage Loans at such times and in such manner so that the proceeds of the sale or securitization, together with amounts received by the Purchaser in connection with the Series 2008-1 Interest Rate Swap, are available to pay amounts due and owing on such Series 2008-1 Notes at any time when due and owing. Without limiting the foregoing, (x) in the event that on the Business Day prior to the Final Maturity of any Series 2005-1 Extended Notes or the third Business Day prior to the Final Maturity of any Series 2005-1 Non-Called Notes, there are insufficient funds on deposit in the sub-account of the Collateral Account attributable to the Series 2005-1 Notes to repay those Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes, and the Purchaser is unable to issue Series 2005-1 Short Term Notes or allocated Term Notes in an amount sufficient to repay the Series 2005-1 Extended Notes maturing on the next Business Day and the Series 2005-1 Non-Called Notes maturing on the third following Business Day, the Servicer shall use commercially reasonable efforts to obtain three (3) or more bids for the sale or securitization of one or more Series 2005-1 Mortgage Loans owned by the Purchaser (at least two (2) of which shall be from unaffiliated third-parties), and shall sell or securitize such Series 2005-1 Mortgage Loan(s) on such day to the highest bidder in a manner so that the proceeds from such sale or securitization, together with amounts received or to be received by the Purchaser in connection with the related Interest Rate Swap, are sufficient to repay the Series 2005-1 Extended Notes maturing on the next Business Day and the Series 2005-1 Non-Called Notes maturing on such third following Business Day; *provided, however*, that if such Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes have not been paid in full on the 30<sup>th</sup> day following the conversion of Secured Liquidity Notes and Callable Notes to Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes, as the case may be, the Servicer shall use commercially reasonable efforts to arrange for the sale or securitization of one or more Series 2005-1 Mortgage Loans owned by the Issuer, and shall sell or securitize such Series 2005-1 Mortgage Loan(s) in a manner so that the proceeds from such sale or securitization, together with amounts received or to be received by the Issuer in connection with the Series 2005-1 Interest Rate Swap, if any, are sufficient to repay such Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes on the 50<sup>th</sup> day following the conversion of such Series 2005-1 Notes to Series 2005-1 Extended Notes or Series 2005-1 Non-Called Notes, as the case may be, and if such Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes have not been paid in full on the 50<sup>th</sup> day following the conversion of such Series 2005-1 Notes to Series 2005-1 Extended Notes or Series 2005-1 Non-Called Notes, as the case may be, the Collateral Agent shall hold an auction (a "Principal Paydown Auction") of Series 2005-1 Mortgage Loans sufficient to pay such Series 2005-1 Extended Notes and Series 2005-1 Non-Called Notes for settlement not later than the 60<sup>th</sup> day following the conversion of such Series 2005-1 Notes to Series 2005-1 Extended Notes or Series 2005-1 Non-Called Notes, as the case may be, and (y) in the event that on the Business Day prior to the Final Maturity of any Series 2008-1 Extended Notes or the third Business Day prior to the Final Maturity of any Series 2008-1 Non-Called Notes, there are insufficient funds

on deposit in the sub-account of the Collateral Account attributable to the Series 2008-1 Notes to repay those Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes, and the Purchaser is unable to issue Series 2008-1 Short Term Notes or allocated Term Notes in an amount sufficient to repay the Series 2008-1 Extended Notes maturing on the next Business Day and the Series 2008-1 Non-Called Notes maturing on the third following Business Day, the Servicer shall use commercially reasonable efforts to obtain three (3) or more bids for the sale or securitization of one or more Series 2008-1 Mortgage Loans owned by the Purchaser (at least two (2) of which shall be from unaffiliated third-parties), and shall sell or securitize such Series 2008-1 Mortgage Loan(s) on such day to the highest bidder in a manner so that the proceeds from such sale or securitization, together with amounts received or to be received by the Purchaser in connection with the Series 2008-1 Interest Rate Swap, are sufficient to repay the Series 2008-1 Extended Notes maturing on the next Business Day and the Series 2008-1 Non-Called Notes maturing on such third following Business Day; *provided, however*, that if such Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes have not been paid in full on the 30<sup>th</sup> day following the conversion of Secured Liquidity Notes and Callable Notes to Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes, as the case may be, the Servicer shall use commercially reasonable efforts to arrange for the sale or securitization of one or more Series 2008-1 Mortgage Loans owned by the Issuer, and shall sell or securitize such Series 2008-1 Mortgage Loan(s) in a manner so that the proceeds from such sale or securitization, together with amounts received or to be received by the Issuer in connection with the Series 2008-1 Interest Rate Swap, if any, are sufficient to repay such Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes on the 50<sup>th</sup> day following the conversion of such Series 2008-1 Notes to Series 2008-1 Extended Notes or Series 2008-1 Non-Called Notes, as the case may be, and if such Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes have not been paid in full on the 50<sup>th</sup> day following the conversion of such Series 2008-1 Notes to Series 2008-1 Extended Notes or Series 2008-1 Non-Called Notes, as the case may be, the Collateral Agent shall hold a Principal Paydown Auction of Series 2008-1 Mortgage Loans sufficient to pay such Series 2008-1 Extended Notes and Series 2008-1 Non-Called Notes for settlement not later than the 60<sup>th</sup> day following the conversion of such Series 2008-1 Notes to Series 2008-1 Extended Notes or Series 2008-1 Non-Called Notes, as the case may be. The Collateral Agent shall notify potential bidders of the Principal Paydown Auction, including the Rated Bidder, who will be obligated to make a bid in any such auction. During the Principal Paydown Auction in respect of any Series 2005-1 Mortgage Loan, the Collateral Agent shall promptly notify the Series 2005-1 Swap Counterparty of the highest bid price obtained in the Principal Paydown Auction for such Series 2005-1 Mortgage Loan and such Swap Counterparty shall have the right to bid on such Series 2005-1 Mortgage Loan. During the Principal Paydown Auction in respect of any Series 2008-1 Mortgage Loan, the Collateral Agent shall promptly notify the Series 2008-1 Swap Counterparty of the highest bid price obtained in the Principal Paydown Auction for such Series 2008-1 Mortgage Loan and such Swap Counterparty shall have the right to bid on such Series 2008-1 Mortgage Loan. In either case, the Collateral Agent shall sell such Mortgage Loan to the highest bidder, including any applicable Swap Counterparty that is the highest bidder. Further, the Servicer shall use commercially reasonable efforts to arrange for sales and Securitizations of Mortgage Loans in such a fashion as shall assure that, after giving effect to such sales and Securitizations, the unpaid principal balance of (i) Series 2005-1 Mortgage Loans payable by a single obligor shall not exceed 10% of the unpaid principal balance of all Series 2005-1 Mortgage Loans owned by the Purchaser at any time, and (ii) Series

2008-1 Mortgage Loans payable by a single obligor shall not exceed 10% of the unpaid principal balance of all Series 2008-1 Mortgage Loans owned by the Purchaser at any time.

The Servicer shall, in accordance with Customary Servicing Practices, enforce for the benefit of the Purchaser, all rights of the Purchaser under each Qualified Forward Contract and shall arrange for the Sale Allocation and delivery of Mortgage Loans or Securitization Securities, as applicable, into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract. In the case of any Forward Trade, the Servicer shall cause Mortgage Loans to be delivered to the applicable Agency in compliance with the Guidelines of such Agency and the terms of the Master Agreement with the applicable Agency such that the Securitization Security issued in respect of such Mortgage Loans conforms to the requirements of such Forward Trade and is timely delivered thereunder.

Except as set forth in Section 2.8 hereof, the Company and any of its Affiliates may purchase any Delinquent Loans or Defaulted Loans from the Purchaser at any time and from time to time at par plus accrued interest payable in cash at closing and on such other terms as the Purchaser and any such purchaser shall agree. The Company and any of its Affiliates will not purchase any non-Delinquent Loans or non-Defaulted Loans from the Purchaser except for (a) purchases of Mortgage Loans pursuant to Section 2.8 hereof or pursuant to the repurchase obligations of the Seller or the Servicer pursuant to Sections 3.3 or 6.2 hereof, (b) sales by the Purchaser to Securitization Vehicles affiliated with the Seller, or (c) purchases by the Seller of Mortgage Loans for the purpose of facilitating a sale of such Mortgage Loans to an unaffiliated third-party pursuant to an arrangement entered into by the Seller and such unaffiliated third-party prior to the purchase of such Mortgage Loans, where (i) the Purchaser could not sell such Mortgage Loans directly to such unaffiliated third-party because of contractual, regulatory or operational issues or restrictions and (ii) the purchase price paid by the Seller for such Mortgage Loans would not be less than the purchase price that the Purchaser would otherwise have been entitled to receive had it sold such Mortgage Loans directly to such unaffiliated third-party.

(ii) Except to the extent that this Purchase Agreement provides for a contrary specific course of action, the Servicer shall service and administer each Mortgage Loan without regard to (a) any other relationship that the Servicer, any sub-servicer or any Affiliate of the Servicer or any sub-servicer may have with the borrowers or any Affiliate of such borrowers, (b) the ownership of any Subordinated Note by the Servicer, or any sub-servicer or any Affiliate of either, (c) the Servicer's obligations to make any Servicer Monthly Advances, Servicing Advances or to incur servicing expenses with respect to each Mortgage Loan, (d) the Servicer's or any sub-servicer's right to receive compensation for its services under this Purchase Agreement or with respect to any particular transaction or (e) the ownership, servicing or management for others by the Servicer or any sub-servicer of any other mortgage loans or property. The Servicer shall maintain its qualification to do business and all licenses necessary to perform its obligations hereunder.

(b) The Servicer may enter into additional servicing or sub-servicing agreements with third-parties with respect to any of its respective obligations hereunder; *provided* that any such agreement shall be consistent with the provisions of this Purchase Agreement, that the Servicer shall have obtained the consent of each Swap Counterparty and no

sub-servicer (or its agent or subcontractors) shall grant any modification, waiver or amendment to any mortgage loan without the approval of the Servicer. Notwithstanding any servicing or sub-servicing agreement, any of the provisions of this Purchase Agreement relating to agreements or arrangements between the Servicer and any Person acting as servicer or sub-servicer (or its agents or subcontractors) or any reference to action taken through any Person acting as servicer or sub-servicer or otherwise, the Servicer shall remain obligated and primarily liable to the Purchaser for the servicing and administering of the mortgage loans and arranging for the sale and Securitization of each mortgage loan pursuant to the provisions of this Purchase Agreement without diminution of such obligation or liability by virtue of such servicing or sub-servicing agreements or arrangements or by virtue of indemnification from any Person acting as servicer or sub-servicer (or its agents or subcontractors) to the same extent and under the same terms and conditions as if the Servicer alone were engaging in such activities. In the event the Servicer is a sub-servicer, the Purchaser shall be entitled to proceed directly against the Servicer as sub-servicer to enforce the Servicer's obligations to the Purchaser.

(c) Without limiting the generality of the foregoing, the Servicer is hereby authorized and empowered to waive, modify or vary any term of any mortgage loan or consent to the postponement of compliance with any such term or in any manner grant indulgence to any Mortgagor if in the Servicer's reasonable and prudent determination such waiver, modification, postponement or indulgence is not materially adverse to the Purchaser and such waiver, modification, postponement or indulgence is done in accordance with Accepted Servicing Practices. Without limiting the generality of the foregoing, the Servicer shall continue, and is hereby authorized and empowered, to execute and deliver on behalf of itself and the Purchaser all instruments of satisfaction or cancellation, or of partial or full release, discharge and all other comparable instruments, with respect to each Mortgage Loan and with respect to the related Mortgaged Property. If reasonably required by the Servicer, the Purchaser shall furnish the Servicer with any powers of attorney, in recordable form, and other documents necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties under this Purchase Agreement.

Section 4.2 Sales and Securitizations. (a) Subject to the servicing standards described in Section 4.1 hereof, the Servicer shall have full power and authority, acting alone, to do or cause to be done any and all things in connection with such servicing and administration that it may deem necessary and desirable in connection with arranging for the sale and Securitization of Conforming Loans with FHLMC, GNMA, other Securitization Vehicles or third-party purchasers, including, without limitation, the authority to identify and make a Sale Allocation of particular Mortgage Loans to a Qualified Forward Contract and deliver Mortgage Loans owned by the Purchaser to fulfill a Qualified Forward Contract. The Purchaser shall cause all Forward Trades to be Qualified Forward Contracts at all times and, except pursuant to any Qualified Settlement, shall not, without the prior written consent of (i) in the case of a Series 2005-1 Qualified Forward Contract, the Series 2005-1 Swap Counterparty, amend any Series 2005-1 Qualified Forward Contract in any respect that is adverse to the Purchaser or in any manner that would cause such Forward Trade not to be a Series 2005-1 Qualified Forward Contract and (ii) in the case of a Series 2008-1 Qualified Forward Contract, the Series 2008-1 Swap Counterparty, amend any Series 2008-1 Qualified Forward Contract in any respect that is adverse to the Purchaser or in any manner that would cause such Forward Trade not to be a Series 2008-1 Qualified Forward Contract. Except to the extent permitted by the Facility

Documents, the Purchaser shall not sell, transfer, pledge or assign (x) any Mortgage Loan except pursuant to a Sales Allocation under either a Qualified Forward Contract or to an Agency pursuant to the applicable Qualifying Documents, or (y) any Securitization Security except pursuant to a Qualified Forward Contract. No Mortgage Loan or Securitization Security shall be delivered in respect of any Qualified Forward Contract prior to the settlement date or trade date set forth therein. No Qualified Forward Contract shall be transferred, sold, assigned, pledged or subject to any claim, participation interest or security interest, or, except in the case of a Qualified Settlement, paired off or otherwise settled other than through physical delivery of the Mortgage Loans or Securitization Securities, as applicable, to the counterparty named in such Qualified Forward Contract; *provided* that no such Qualified Settlement may be performed unless, on the same Business Day on which the Predecessor Forward Contract is settled pursuant to such Qualified Settlement, one or more Replacement Forward Contracts are established in respect of each Mortgage Loan which was subject to the Predecessor Forward Contract. In connection with any Securitization of Mortgage Loans, in the event the Purchaser receives Securitization Securities from the Securitization Vehicle in exchange for such Mortgage Loans, the Servicer shall, on behalf of the Purchaser and subject to the covenant set forth in (y) above, deliver such Securitization Security into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract and, in the event such Qualified Forward Contract fails to exist, shall arrange for the sale of such Securitization Securities after such failure; *provided* that any such Securitization Security that is (x) not issued by at least one of FHLMC and GNMA or (y) rated below "AAA" by S&P and/or "Aaa" by Moody's shall be sold by the Servicer within two (2) Business Days of receipt thereof by the Purchaser. The proceeds of sale of any Securitization Security and the proceeds of sale of any whole loan will be remitted directly to the applicable sub-account of the Collateral Agent at the direction of the Servicer on the settlement date for such sale and will be deposited into the applicable sub-account of the Collateral Account maintained by the Collateral Agent on the day of receipt.

(b) With respect to each Securitization or sale, as the case may be, entered into by the Purchaser, the Servicer agrees:

(i) To cooperate fully with the Purchaser, any prospective purchaser, any Rating Agency, any Securitization Vehicle or any party to any agreement executed in connection with such sale or Securitization of the Mortgage Loans, with respect to all reasonable requests and due diligence procedures and to use commercially reasonable efforts to facilitate such sale or Securitization, as the case may be;

(ii) To restate as of each closing date of a sale or Securitization, as the case may be, the representations and warranties contained in Section 3.1 hereof and to state that it has no knowledge, based on its activities as servicer hereunder, that any representations and warranties contained in Section 3.2 hereof (excluding Section 3.2(d) hereof) are untrue as of the date thereof or that any event or circumstance arose after the related Closing Date that would cause such representation or warranty to be inaccurate in any material respect as of the closing date of such sale or Securitization;

(iii) To deliver to the Purchaser for inclusion in any prospectus or other offering material such written information regarding the Seller and the Servicer, their respective financial condition, their mortgage loan origination and servicing experience,

and their mortgage loan delinquency, foreclosure and loss experience as shall be reasonably requested by the Purchaser and to indemnify and hold harmless the Purchaser against certain liabilities, losses and expenses arising under the Securities Act in connection with any material misstatement contained in such written information or any omission of a material fact the inclusion of which was necessary in order to make such written information not materially misleading in light of the circumstances under which it was made; and

(iv) To deliver to the Purchaser and to any Person designated by the Purchaser, such opinions of counsel as are customarily delivered by originators/servicers in connection with sales or Securitizations, as the case may be.

All Mortgage Loans not sold or transferred pursuant to a sale or Securitization shall continue to be serviced pursuant to the terms of this Purchase Agreement.

(c) Upon the sale or Securitization of any Mortgage Loan, the rights and obligations of the Servicer hereunder with respect to such Mortgage Loan shall be terminated on the effective date of such sale or Securitization. Upon written request from the Purchaser, the Servicer shall prepare, execute and deliver to the successor entity designated by the Purchaser any and all documents and other instruments, place in such successor's possession all Mortgage Loan Files, and do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such termination, including but not limited to the transfer and endorsement or assignment of the Mortgage Loans and related documents, at the Servicer's sole expense. The Servicer shall cooperate with such successor in effecting the termination of the Servicer's responsibilities and rights hereunder, including without limitation, the transfer to such successor for administration by it of all cash amounts which shall at the time be credited by the Servicer to any Collection Account or Escrow Account or thereafter received with respect to the Mortgage Loan, subject to the Servicer's right to withdraw any amounts it is entitled pursuant to this Purchase Agreement. Notwithstanding any other provision of this Purchase Agreement to the contrary, neither the Issuer or any designated agent on behalf of the Issuer shall have the power or authority to, prior to the sale or Securitization of any Mortgage Loan, make a distribution to the Seller (or to any designated agent or Affiliate on its behalf) of any servicing rights relating to such Mortgage Loan.

(d) If the Collateral Agent arranges for the sale of Mortgage Loans by the Issuer pursuant to this Purchase Agreement and (x) the aggregate sale price of any Mortgage Loans sold on any Business Day to a particular buyer (including any Securitization Vehicle), as set forth in the related sale notice, is less than ninety-three percent (93%) of the aggregate Outstanding Purchase Price of such Mortgage Loans or (y) a Termination Event has been declared or an automatic Termination Event has occurred, then without limitation of any of the Servicer's or the Purchaser's obligations hereunder or under any of the other Facility Documents, the applicable Swap Counterparty, the Servicer and the Collateral Agent shall agree to cooperate in connection with the sale, delivery and assignment of the Mortgage Loans, Securitization Securities, Qualified Forward Contracts and Forward Trades in a manner which will maximize the sales proceeds and net Settlement Receipts from the sale of such Mortgage Loans, Securitization Securities, Qualified Forward Contracts and Forward Trades; *provided* that (1) the Series 2005-1 Swap Counterparty shall have the right to direct the sale of any Series 2005-1

Mortgage Loan and (2) the Series 2008-1 Swap Counterparty shall have the right to direct the sale of any Series 2008-1 Mortgage Loan, in each case, that (x) is not (i) a Delinquent Loan or a Defaulted Loan (other than Delinquent Loans and Defaulted Loans for which the current market value (as determined by QRM or a successor third-party pricing source agreed to by the Servicer and the applicable Swap Counterparty) of the related Reference Mortgage Loan is less than ninety-three percent (93%) of the Outstanding Purchase Price of such Delinquent Loan or Defaulted Loan) and (ii) subject to a Qualified Forward Contract and (y) has a current market value (as determined by QRM or a successor third-party pricing source agreed to by the Servicer and the applicable Swap Counterparty) less than ninety-three percent (93%) of the aggregate Outstanding Purchase Price of such Mortgage Loan.

**Section 4.3    Liquidation of Mortgage Loans.** In the event that any payment due under any Mortgage Loan is not paid when the payment becomes due and payable, by Servicer Monthly Advance or otherwise, or in the event that the Mortgagor fails to perform any other covenant or obligation under the Mortgage Loan and such failure continues beyond any applicable grace period, the Servicer shall take such action as the Servicer would take under similar circumstances with respect to a similar mortgage loan held for its own account for investment, which action shall be consistent with Accepted Servicing Practices and in the best interest of the Purchaser, and which action shall be consistent with the related PMI Policy, if any; *provided, however*, that any Defaulted Loan will be sold by the Servicer on behalf of the Purchaser as soon as practicable after becoming a Defaulted Loan.

**Section 4.4    Collection of Mortgage Loan Payments.** The Servicer shall proceed diligently, pursuant to Accepted Servicing Practices, to collect all payments called for under the terms and provisions of each Mortgage Loan it is obligated to service hereunder and shall follow such collection procedures as are consistent with this Purchase Agreement (including without limitation, the servicing standards set forth in Section 4.1 hereof) and Accepted Servicing Practices. The Servicer shall ascertain and estimate, in accordance with Accepted Servicing Practices, Escrow Payments and all other charges that will become due and payable with respect to each Mortgage Loan and the Mortgaged Property, to the end that the installments payable by the Mortgagors will be sufficient to pay such charges as and when they become due and payable. The Servicer shall segregate and hold all payments received by it separate and apart from any of its funds and general assets and in trust for the Secured Parties and shall apply such payments as provided in Section 4.5 hereof. The accounts established by the Servicer pursuant to this Article IV may include any number of sub-accounts for convenience in administering the Mortgage Loans.

**Section 4.5    Establishment of, and Deposits to, Collection Account.** (a) The Servicer shall establish with the Collateral Agent a single, segregated trust account which shall be designated as the collection account (the "Collection Account"), which shall be held in trust in the name of the Collateral Agent for the benefit of the Secured Parties. The Collection Account shall include two sub-accounts, one of which shall be held in trust for the benefit of the Series 2005-1 Noteholders and the Series 2005-1 Swap Counterparty, and one of which shall be held in trust for the benefit of the Series 2008-1 Noteholders and the Series 2008-1 Swap Counterparty. The Servicer shall from time to time deposit, within two (2) Business Days of the receipt thereof, and retain (x) in the sub-account of the Collection Account established for the benefit of the Series 2005-1 Noteholders and the Series 2005-1 Swap Counterparty, the following collections



received by the Servicer in respect of Series 2005-1 Purchased Assets and (y) in the sub-account of the Collection Account established for the benefit of the Series 2008-1 Noteholders and the Series 2008-1 Swap Counterparty, the following collections received by the Servicer in respect of Series 2008-1 Purchased Assets: (i) all payments on account of scheduled principal on the related Mortgage Loans, (ii) all payments on account of interest on the related Mortgage Loans (including Acquisition Date Accrued Interest), (iii) any Principal Prepayments on the related Mortgage Loans other than Principal Prepayments in full of the related Mortgage Loans, (iv) all related Liquidation Proceeds, (v) all Insurance Proceeds including amounts required to be deposited pursuant to Section 4.11 (other than proceeds to be held in the Escrow Account and applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor in accordance with Accepted Servicing Practices as specified in Section 4.15 hereof), Section 4.12 and Section 4.16 hereof, (vi) all Condemnation Proceeds which are not applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor pursuant to Section 4.15 hereof, (vii) any amounts required to be deposited by the Servicer pursuant to Section 4.11 hereof in connection with the deductible clause in any blanket hazard insurance policy, (viii) any amounts received with respect to or related to any REO Property and all REO Disposition Proceeds pursuant to Section 4.17 hereof and (ix) any other amounts received with respect to or related to the related Mortgage Loan but not including late payment charges and interest paid on funds deposited in the Escrow Account, to the extent permitted by applicable law, which shall be retained by the Servicer for its own account. The Collection Account shall be established with a Qualified Institution acceptable to the Purchaser.

(b) All monies on deposit in the Collection Account shall be invested by the Servicer in Eligible Investments having maturities no later than the next Distribution Date.

Section 4.6 Permitted Withdrawals From Collection Account and Collateral Account; Deposit into the Collateral Account. (a) The Servicer shall have the right, from time to time, to withdraw any amounts deposited by the Servicer into the Collection Account by mistake or overpayment or as otherwise required to make adjustments to amounts deposited therein in accordance with ordinary and normal servicing adjustments. In connection with any withdrawals of amounts deposited by the Servicer into the Collateral Account by mistake or overpayment or as otherwise required to make adjustments to amounts deposited therein in accordance with ordinary and normal servicing adjustments, the Servicer shall provide the Collateral Agent with a written request, including such information with respect to such withdrawals as such Collateral Agent may reasonably request to justify such withdrawal. Upon receipt of such request, the Collateral Agent shall direct the Qualified Depository maintaining the Collateral Account to make such withdrawal from the Collateral Account and deposit it with the Servicer; *provided* that, if such request is for an amount less than \$10,000 and the aggregate amount withdrawn from the Collateral Account under this proviso in the current Due Period is less than \$50,000, such request may be honored by the Qualified Depository upon a telephonic or electronic request from the Servicer and without direction from the Collateral Agent.

(b) Pursuant to the terms of the Security Agreement, the Collateral Agent shall establish a single, segregated, non-interest bearing trust account which shall be designated as the collateral account (the "Collateral Account"), which shall be held in trust in the name of the Collateral Agent for the benefit of the Secured Parties and over which the Collateral Agent

shall have exclusive control and the sole right of withdrawal. The Collateral Account shall include two sub-accounts, one of which shall be held in trust for the benefit of the Series 2005-1 Noteholders and the Series 2005-1 Swap Counterparty, and one of which shall be held in trust for the benefit of the Series 2008-1 Noteholders and the Series 2008-1 Swap Counterparty. The proceeds of any sales and Securitizations of Series 2005-1 Mortgage Loans and Series 2005-1 Securitization Securities, the Repurchase Price of any Series 2005-1 Mortgage Loans repurchased pursuant to Sections 3.3 or 6.2 hereof, any Series 2005-1 Settlement Advances in connection with a Series 2005-1 Mortgage Loan, any other amounts payable in connection with the Seller's or the Servicer's repurchase of any Series 2005-1 Mortgage Loan, principal repayments in full of Series 2005-1 Mortgage Loans, all amounts transferred from the Collection Account (including principal and interest payments on Series 2005-1 Mortgage Loans) in connection with any Collateral related to a Series 2005-1 Mortgage Loan or Series 2005-1 Securitization Security or any proceeds in respect thereof, and any and all other amounts at any time and from time to time received by or on behalf of the Purchaser and required by the Facility Documents to be deposited into the Collateral Account in respect of the foregoing, shall be deposited directly into the sub-account of the Collateral Account established for the benefit of the Series 2005-1 Noteholders and the Series 2005-1 Swap Counterparty on the same day of receipt (except for principal repayments in full of Series 2005-1 Mortgage Loans which shall be deposited directly into the applicable sub-account of the Collateral Account within two (2) Business Days after receipt thereof); *provided* that it is reasonably practicable to transfer such amounts on the day of receipt (or within two (2) Business Days after receipt with respect to principal repayments in full of Series 2005-1 Mortgage Loans). The proceeds of any sales and Securitizations of Series 2008-1 Mortgage Loans and Series 2008-1 Securitization Securities, the Repurchase Price of any Series 2008-1 Mortgage Loans repurchased pursuant to Sections 3.3 or 6.2 hereof, any Series 2008-1 Settlement Advances in connection with a Series 2008-1 Mortgage Loan, any other amounts payable in connection with the Seller's or the Servicer's repurchase of any Series 2008-1 Mortgage Loan, principal repayments in full of Series 2008-1 Mortgage Loans, all amounts transferred from the Collection Account (including principal and interest payments on Series 2008-1 Mortgage Loans) in connection with any Collateral related to a Series 2008-1 Mortgage Loan or Series 2008-1 Securitization Security or any proceeds in respect thereof, and any and all other amounts at any time and from time to time received by or on behalf of the Purchaser and required by the Facility Documents to be deposited into the Collateral Account in respect of the foregoing, shall be deposited directly into the sub-account of the Collateral Account established for the benefit of the Series 2008-1 Noteholders and the Series 2008-1 Swap Counterparty on the same day of receipt (except for principal repayments in full of Series 2008-1 Mortgage Loans which shall be deposited directly into the applicable sub-account of the Collateral Account within two (2) Business Days after receipt thereof); *provided* that it is reasonably practicable to transfer such amounts on the day of receipt (or within two (2) Business Days after receipt with respect to principal repayments in full of Series 2008-1 Mortgage Loans). Any other amounts received by the Collateral Agent and not attributable to Mortgage Loans or Securitization Securities or Qualified Forward Contracts shall be deposited into the two sub-accounts of the Collateral Account ratably, proportionate to the percentage the Series 2005-1 Notes and Series 2008-1 Notes bear to all issued and outstanding Short Term Notes. Any and all funds at any time on deposit in, or otherwise to the credit of, the Collateral Account shall be held in trust by the Collateral Agent for the benefit of the Secured Parties.

(c) The Servicer shall, from time to time, by delivery of a Servicer Advance Report, request the Collateral Agent to withdraw funds from the Collateral Account to reimburse the Servicer for Servicer Monthly Advances pursuant to Section 5.1 hereof and for each Servicing Advance pursuant to Section 4.9 hereof, to the extent such Servicer Monthly Advances and Servicing Advances have not been previously reimbursed pursuant to Section 4.6(e) hereof. The Servicer's right to reimbursement pursuant to this clause (c) is limited to amounts received on the related Mortgage Loan which represent proceeds from the sale or Securitization of such Mortgage Loan, it being understood that, in the case of any such reimbursement, the Servicer's right thereto shall be prior to the rights of the Purchaser, with withdrawals in respect of Servicer Monthly Advances related to Series 2005-1 Mortgage Loans being debited from the sub-account established for the benefit of the Series 2005-1 Noteholders and the Series 2005-1 Swap Counterparty and the withdrawals in respect of Servicer Monthly Advances related to the Series 2008-1 Mortgage Loans being debited from the sub-account established for the benefit of the Series 2008-1 Noteholders and the Series 2008-1 Swap Counterparty.

(d) The Servicer shall, on each Distribution Date (or if such day is not a Business Day the immediately preceding Business Day), request the Collateral Agent to withdraw all amounts deposited in the Collection Account as of the close of business on the Determination Date (net of charges against or withdrawals from the Collection Account pursuant to Sections 4.6(e) and 4.6(f) hereof) and deposit such funds into the applicable sub-account of the Collateral Account for application pursuant to the terms of the Security Agreement and release funds in accordance with the Servicer Report delivered to the Collateral Agent for such Distribution Date pursuant to Section 4.18 hereof.

(e) The Servicer shall, from time to time, by delivery of a Servicer Advance Report, request the Collateral Agent to withdraw funds from the applicable sub-account of the Collection Account to reimburse the Servicer for Servicer Monthly Advances pursuant to Section 5.1 hereof and for each Servicing Advance pursuant to Section 4.9 hereof to the extent not already reimbursed pursuant to this clause (e) hereof or withdrawn by the Servicer pursuant to Section 4.6(a) hereof. The Servicer's right to reimbursement pursuant to this clause (e) is limited to amounts received on the related Mortgage Loan which represents late payments of principal and/or interest respecting which any such Servicer Monthly Advance was made or other proceeds from such Mortgage Loan or the related Mortgaged Property, it being understood that, in the case of any such reimbursement, the Servicer's right thereto shall be prior to the rights of the Purchaser, except that, where the Servicer is required to repurchase a Mortgage Loan pursuant to Section 6.2 hereof, the Servicer's right to such reimbursement shall be subsequent to the payment to the Purchaser of the Repurchase Price pursuant to Section 6.2 hereof and all other amounts required to be paid to the Purchaser with respect to such Mortgage Loan.

(f) The Servicer shall, on each Distribution Date, by delivery of the Servicer Report to the Collateral Agent, request the Collateral Agent to withdraw funds from the sub-accounts of the Collateral Account related to the Series 2005-1 Purchased Assets and the Series 2008-1 Purchased Assets, based upon their respective Collateral Percentages, in an amount equal to the Servicing Fee pursuant to Section 6.3 hereof. To the extent that the Servicing Fee is not remitted to the Servicer as set forth above, the Servicing Fee shall be paid as Allocated Expenses in the method and manner specified in the Security Agreement. Notwithstanding the foregoing, the Servicer shall be entitled to retain from the interest payments on the Series 2005-1 Mortgage

Loans and the Series 2008-1 Mortgage Loans owned by the Purchaser, based upon the respective Collateral Percentages of the Series 2005-1 Collateral and the Series 2008-1 Collateral, prior to deposit of such payments into the Collateral Account, the Servicing Fee to which it is entitled relating to such Mortgage Loans; *provided* that any such retention is reflected in the Servicer Report delivered to the Collateral Agent for the Remittance Period in which such retention occurred.

(g) The Servicer shall establish a separate account within the Collection Account to hold amounts deposited into the Collection Account with respect to Mortgage Loans that have been identified for sale by the Purchaser to a Mortgage Loan Buyer (a "Mortgage Loan Buyer Account"). Upon the establishment by the Purchaser and a Mortgage Loan Buyer of a Cut-Off Date for the sale of Mortgage Loans by the Purchaser to the Mortgage Loan Buyer, all amounts (including Servicer Monthly Advances) in respect of such Mortgage Loans which are deposited into the Collection Account on and after the Cut-Off Date and prior to the closing date for such sale (i) shall be directed by the Servicer to be held in the Mortgage Loan Buyer Account established for such sale and (ii) shall not be deposited into the Collateral Account pursuant to Section 4.6(d) hereof but shall remain in the Mortgage Loan Buyer Account until the closing or abandonment of such sale. Upon the closing of such sale, the Servicer shall, on the closing date for such sale, withdraw funds from the Mortgage Loan Buyer Account representing the amounts deposited into the Collection Account in respect of the Mortgage Loans sold to the Mortgage Loan Buyer during the period on and after the related Cut-Off Date and prior to such closing date and remit such amounts to the account of the Mortgage Loan Buyer as designated by the Purchaser. Upon failure of such sale, the amounts in the Mortgage Loan Buyer Account established for such sale shall be returned to the Collection Account for application pursuant to the provisions of this Purchase Agreement.

Section 4.7 Establishment of, and Deposits to, Escrow Account. The Servicer shall segregate and hold all funds collected and received pursuant to a Mortgage Loan constituting Escrow Payments separate and apart from any of its own funds and general assets and shall establish and maintain one or more Escrow Accounts, in the form of time deposit or demand accounts, in a manner which shall provide maximum available insurance thereunder. Funds deposited in any Escrow Account may be invested by the Servicer which shall be entitled to any investment income and cover any losses therefrom except as otherwise required by law. Funds deposited in any Escrow Account may be drawn on by the Servicer pursuant to Section 4.8 hereof.

The Servicer shall deposit in such Escrow Account within two (2) Business Days after receipt and retain therein (a) all Escrow Payments collected on account of the Mortgage Loans, for the purpose of effecting timely payment of any such items as required under the terms of this Purchase Agreement and (b) all amounts representing Insurance Proceeds or Condemnation Proceeds which are to be applied to the restoration or repair of any Mortgaged Property.

The Servicer shall make withdrawals from any Escrow Account only to effect such payments as are required under this Purchase Agreement, as set forth in Section 4.8 hereof. The Servicer shall be entitled to retain any interest on funds deposited in the Escrow Account by the depository institution, other than interest on escrowed funds required by law to be paid to the

Mortgagor. To the extent required by law, the Servicer shall pay interest on escrowed funds to the Mortgagor notwithstanding that such Escrow Account may be non-interest bearing or that interest paid thereon is insufficient for such purposes.

Section 4.8 Permitted Withdrawals From Escrow Account. Withdrawals from any Escrow Account may be made by the Servicer only:

- (1) To effect timely payments of ground rents, taxes, assessments, water rates, mortgage insurance premiums, fire and hazard insurance premiums or other items constituting Escrow Payments for the related Mortgage;
- (2) To reimburse the Servicer for any Servicing Advances made by the Servicer pursuant to Section 4.9 hereof with respect to a related Mortgage Loan, but only from amounts received on the related Mortgage Loan which represent late collections of Escrow Payments thereunder;
- (3) To refund to any Mortgagor any funds found to be in excess of the amounts required under the terms of the related Mortgage Loan;
- (4) For transfer to the Collection Account and application to reduce the principal balance of the related Mortgage Loan in accordance with the terms of the related Mortgage and Mortgage Note;
- (5) For application to restoration or repair of the Mortgaged Property pursuant to the procedures outlined in Section 4.15 hereof;
- (6) To pay to the Servicer, or any Mortgagor, to the extent required by law, any interest paid on the funds deposited in the Escrow Account; and
- (7) For any other purpose consistent with Accepted Servicing Practices.

Section 4.9 Payment of Taxes, Insurance and Other Charges. With respect to each Mortgage Loan, the Servicer shall maintain accurate records reflecting the status of ground rents, taxes, assessments, water rates, sewer rents, and other charges which are or may become a lien upon the Mortgaged Property and the status of PMI Policy premiums, if any, and fire and hazard insurance coverage and shall obtain, from time to time, all bills for the payment of such charges (including renewal premiums) and shall effect payment thereof prior to the applicable penalty or termination date, employing for such purpose deposits of the Mortgagor in the Escrow Account which shall have been estimated and accumulated by the Servicer in amounts sufficient for such purposes, as allowed under the terms of the Mortgage. To the extent that a Mortgage does not provide for Escrow Payments, the Servicer shall maintain procedures in accordance

with Accepted Servicing Practices to insure the timely payment of such items and shall advance the amount of any payment not made by the related Mortgagor on a timely basis unless the Servicer determines in its good faith judgment that such advance would not be ultimately recoverable from future payments and collections on the related Mortgage Loan.

Section 4.10 Protection of Accounts. Monies held in the Collection Account and the Collateral Account shall be invested in Eligible Investments. All such Eligible Investments shall be made in the name of, and shall be payable to, the Collateral Agent.

Section 4.11 Maintenance of Hazard Insurance. The Servicer shall cause to be maintained for each Mortgage Loan hazard insurance such that all buildings upon the Mortgaged Property are insured by a generally acceptable insurer pursuant to Accepted Servicing Practices against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the Mortgaged Property is located, in an amount which is at least equal to the lesser of (i) the replacement value of the improvements securing such Mortgage Loan and (ii) the greater of (a) the outstanding principal balance of the Mortgage Loan and (b) an amount such that the proceeds thereof shall be sufficient to prevent the Mortgagor or the loss payee from becoming a co-insurer.

If upon origination or acquisition of the Mortgage Loan, the related Mortgaged Property was located in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available) the Servicer shall cause to be in effect a flood insurance policy meeting the requirements of the current guidelines of the Flood Insurance Administration with a generally acceptable insurance carrier pursuant to Accepted Servicing Practices in an amount representing coverage equal to the least of (i) the minimum amount required, under the terms of coverage, to compensate for any damage or loss on a replacement cost basis, (ii) the outstanding principal balance of the Mortgage Loan and (iii) the maximum amount of insurance which is available under the Flood Disaster Protection Act of 1973, as amended. If at any time during the term of the Mortgage Loan, the Servicer determines in accordance with applicable law and pursuant to the Guidelines that a Mortgaged Property is located in a special flood hazard area and is not covered by flood insurance or is covered in an amount less than the amount required by the Flood Disaster Protection Act of 1973, as amended, the Servicer shall notify the related Mortgagor that the Mortgagor must obtain such flood insurance coverage, and if said Mortgagor fails to obtain the required flood insurance coverage within forty-five (45) days after such notification, the Servicer shall immediately place in force the required flood insurance on the Mortgagor's behalf.

The Servicer shall cause to be maintained on each Mortgaged Property earthquake or such other or additional insurance as may be required pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance, or pursuant to the requirements of any private mortgage guaranty insurer, or as may be required to conform with Accepted Servicing Practices.

In the event that the Purchaser or the Servicer shall determine that the Mortgage Property should be insured against loss or damage by hazards and risks not covered by the insurance required to be maintained by the Mortgagor pursuant to the terms of the Mortgage, the

Servicer shall communicate and consult with the Mortgagor with respect to the need for such insurance and bring to the Mortgagor's attention the desirability of protection of the Mortgaged Property.

The Servicer shall not interfere with the Mortgagor's freedom of choice in selecting either his insurance carrier or agent; *provided, however*, that the Servicer shall not accept any such insurance policies from insurance companies unless such companies are generally acceptable companies pursuant to Accepted Servicing Practices and are licensed to do business in the jurisdiction in which the Mortgaged Property is located. The Servicer shall determine that such policies provide sufficient risk coverage and amounts, that they insure the property owner, and that they properly describe the property address. The Servicer shall furnish to the Mortgagor a formal notice of expiration of any such insurance in sufficient time for the Mortgagor to arrange for renewal coverage by the expiration date.

Pursuant to Section 4.5 hereof, any amounts collected by the Servicer under any such policies (other than amounts to be deposited in any Escrow Account and applied to the restoration or repair of the related Mortgaged Property, or property acquired in liquidation of the Mortgage Loan, or to be released to the Mortgagor, in accordance with Accepted Servicing Practices as specified in Section 4.15 hereof) shall be deposited in the Collection Account within two (2) Business Days after receipt thereof, subject to withdrawal pursuant to Section 4.6 hereof.

Section 4.12 Maintenance of Mortgage Impairment Insurance. If the Servicer shall obtain and maintain a blanket policy insuring against losses arising from fire and hazards covered under extended coverage on all of the Mortgage Loans, then, to the extent such policy provides coverage in an amount equal to the amount required pursuant to Section 4.11 hereof and otherwise complies with all other requirements of Section 4.11 hereof, it shall conclusively be deemed to have satisfied its obligations as set forth in such Section 4.11 hereof. Any amounts collected by the Servicer under any such policy relating to a Mortgage Loan shall be deposited in the Collection Account within two (2) Business Days after receipt thereof, subject to withdrawal pursuant to Section 4.6 hereof. Such policy may contain a deductible clause, in which case, in the event that there shall not have been maintained on the related Mortgaged Property a policy complying with Section 4.11 hereof, and there shall have been a loss which would have been covered by such policy, the Servicer shall deposit in the Collection Account at the time of such loss the amount not otherwise payable under the blanket policy because of such deductible clause, such amount to be deposited from the Servicer's funds, without reimbursement therefor. Upon request of the Purchaser, the Servicer shall cause to be delivered to the Purchaser a certified true copy of such policy.

Section 4.13 Maintenance of Fidelity Bond. The Servicer shall maintain with responsible companies, at its own expense, a blanket Fidelity Bond, with broad coverage on all officers, employees or other persons acting in any capacity requiring such persons to handle funds, money, documents or papers relating to the Mortgage Loans ("Company Employees"). Any such Fidelity Bond shall be in the form of the Mortgage Banker's Blanket Bond and shall protect and insure the Servicer against losses, including forgery, theft, embezzlement, fraud, and negligent acts of such Company Employees. No provision of this Section 4.13 requiring such Fidelity Bond shall diminish or relieve the Servicer from its duties and obligations as set forth in this Purchase Agreement. The minimum coverage under any such bond shall be at least equal to

the corresponding amounts required by the Guidelines or as otherwise agreed to in writing (including without limitation, an electronic writing) by the Agencies. Upon the request of the Purchaser, the Servicer shall cause to be delivered to the Purchaser a certified true copy of such Fidelity Bond.

Section 4.14 Inspections. The Servicer shall inspect the Mortgaged Property in accordance with its Accepted Servicing Practices.

Section 4.15 Restoration of Mortgaged Property. The Servicer need not obtain the approval of the Purchaser prior to releasing any Insurance Proceeds or Condemnation Proceeds to the Mortgagor to be applied to the restoration or repair of the Mortgaged Property if such release is in accordance with Accepted Servicing Practices. At a minimum, the Servicer shall comply with the following conditions in connection with any such release of Insurance Proceeds or Condemnation Proceeds:

- (1) The Servicer shall receive satisfactory independent verification of completion of repairs or portion thereof and issuance of any required approvals with respect thereto;
- (2) The Servicer shall take all steps necessary to preserve the priority of the lien of the Mortgage, including, but not limited to, requiring waivers with respect to mechanics' and materialmen's liens;
- (3) The Servicer shall verify that the Mortgage Loan is not in default; and
- (4) Pending repairs or restoration, the Servicer shall place the Insurance Proceeds or Condemnation Proceeds in an Escrow Account.

Section 4.16 Maintenance of PMI Policy; Claims. With respect to each Mortgage Loan (other than an FHA Loan or a VA Loan) with an LTV in excess of 80%, the Servicer shall, without any cost to the Purchaser, maintain or cause the Mortgagor to maintain in full force and effect a PMI Policy insuring that portion of the Mortgage Loan in excess of 80%, and shall pay or shall cause the Mortgagor to pay the premium thereon on a timely basis, until the LTV of such mortgage loan is reduced to 80% or less or until the related Mortgagor is permitted to terminate such PMI Policy in accordance with applicable law. In the event that such PMI Policy shall be terminated for any reason other than (i) the reduction of the LTV of the related mortgage loan to 80% or less or (ii) the termination of such PMI Policy by the related Mortgagor in accordance with applicable law, the Servicer shall use commercially reasonable efforts to obtain, prior to any such termination, from another Qualified Insurer on behalf of the related Mortgagor, a comparable replacement policy with a total coverage equal to the remaining coverage of such terminated PMI Policy. If the insurer shall cease to be a Qualified Insurer, the Servicer shall determine whether recoveries under the PMI Policy are jeopardized for reasons related to the financial condition of such insurer, it being understood that the Servicer shall in no event have any responsibility or liability for any failure to recover under the PMI Policy for such



reason. If the Servicer determines that recoveries are so jeopardized, it shall notify the Purchaser and the Mortgagor, if required, and use commercially reasonable efforts to obtain from another Qualified Insurer a replacement insurance policy on behalf of the related Mortgagor. The Servicer shall not take any action which would result in noncoverage under any applicable PMI Policy of any loss which, but for the actions of the Servicer, would have been covered thereunder. In connection with any assumption or substitution agreement entered into or to be entered into pursuant to Section 6.1 hereof, the Servicer shall promptly notify the insurer under the related PMI Policy, if any, of such assumption or substitution of liability in accordance with the terms of such PMI Policy and shall take all actions which may be required by such insurer as a condition to the continuation of coverage under such PMI Policy. If such PMI Policy is terminated as a result of such assumption or substitution of liability, the Servicer shall obtain a replacement PMI Policy on behalf of the related Mortgagor as provided above.

In connection with its activities as Servicer, the Servicer agrees to prepare and present claims to the insurer under any PMI Policy in a timely fashion in accordance with the terms of such PMI Policy and, in this regard, to take such action as shall be necessary to permit recovery under any PMI Policy respecting a Defaulted Loan. Pursuant to Section 4.5 hereof, any amounts collected by the Servicer under any PMI Policy shall be deposited in the Collection Account within two (2) Business Days after receipt thereof, subject to withdrawal pursuant to Section 4.6 hereof.

Section 4.17 Title, Management and Disposition of REO Property. In the event that title to any Mortgaged Property is acquired in foreclosure or by deed in lieu of foreclosure, the deed or certificate of sale shall be taken in the name of the Servicer as agent for the Secured Parties, or in the event the Servicer is not authorized or permitted to hold title to real property in the state where the REO Property is located, or would be adversely affected under the "doing business" or tax laws of such state by so holding title, the deed or certificate of sale shall be taken in the name of such Person or Persons as shall be reasonably acceptable to the Purchaser. The Person or Persons holding such title other than the Servicer shall acknowledge in writing that such title is being held as nominee for the Servicer.

The Servicer shall manage, conserve, protect and operate each REO Property for the Purchaser solely for the purpose of its prompt disposition and sale. The Servicer, either itself or through an agent selected by the Servicer, shall manage, conserve, protect and operate the REO Property in the manner that it manages, conserves, protects and operates other foreclosed property for its own account, and in the manner that similar property in the locality as the REO Property is managed. The Servicer shall dispose of the REO Property in accordance with Accepted Servicing Practices as soon as possible.

The Servicer shall also maintain on each REO Property fire and hazard insurance with extended coverage in an amount which is at least equal to the maximum insurable value of the improvements which are a part of such property, liability insurance and, to the extent required and available under the Flood Disaster Protection Act of 1973, as amended.

The disposition of REO Property shall be carried out by the Servicer at such price and upon such terms and conditions as the Servicer deems to be in the best interest of the

Purchaser. The proceeds of sale of the REO Property shall be promptly deposited in the Collection Account.

Section 4.18 Servicer Reports. The Servicer shall deliver to the Purchaser, the Manager, the Collateral Agent, the Indenture Trustee, the Custodian, each Swap Counterparty and the Short Term Note Dealers at least two (2) Business Days prior to each Payment Date, a report (the "Servicer Report"), a form of which is attached hereto as Exhibit C.

Section 4.19 Real Estate Owned Reports. The Servicer shall furnish to the Purchaser, at the Purchaser's request, a statement with respect to any REO Property covering the operation of such REO Property and the Servicer's efforts in connection with the sale of such REO Property and any rental of such REO Property incidental to the sale thereof. That statement shall be accompanied by such other information as the Purchaser shall reasonably request.

Section 4.20 Liquidation Reports. Upon the foreclosure sale of any Mortgaged Property or the acquisition thereof by the Purchaser pursuant to a deed in lieu of foreclosure, the Servicer shall submit to the Purchaser, at the Purchaser's request, a liquidation report with respect to such Mortgaged Property.

Section 4.21 Reports of Foreclosures and Abandonments of Mortgaged Property. Following the foreclosure sale or abandonment of any Mortgaged Property, the Servicer shall report on behalf of the Purchaser such foreclosure or abandonment as required pursuant to Section 6050J of the Code.

Section 4.22 Servicer Advance Report. The Servicer shall deliver a report (a "Servicer Advance Report") to the Collateral Agent and each Swap Counterparty, from time to time, pursuant to Sections 4.6(c) and 4.6(e) hereof, a form of which is attached hereto as Exhibit D.

Section 4.23 Secondary Market Trading Report. The Servicer shall deliver a report (a "Secondary Market Trading Report") to the Collateral Agent for the benefit of the Noteholders, each Swap Counterparty and the Indenture Trustee on or before the 20th day of each month. The Secondary Market Trading Report shall detail all secondary trades arranged by the Servicer, on behalf of the Purchaser, and settled during the calendar month immediately preceding the date of such Secondary Market Trading Report and shall include the following information related to each Mortgage Loan sold in such secondary trades: (i) the trade identification number; (ii) the trade type; (iii) the trade term; (iv) the principal amount; (v) the trade price; (vi) the trade date; (vii) the settlement date; (viii) the broker/dealer; and (ix) whether such Mortgage Loan is a Series 2005-1 Mortgage Loan or a Series 2008-1 Mortgage Loan.

Section 4.24 Daily Report. The Servicer shall deliver a report (a "Daily Report") in the form of Exhibit E hereto, to the Indenture Trustee, the Collateral Agent, the Short Term Note Dealers and each Swap Counterparty, by no later than the end of each Business Day.

Section 4.25 Qualified Counterparty Report. The Servicer shall deliver a report (a "Qualified Counterparty Report") in a form substantially similar to Schedule B attached hereto, to the Short Term Note Dealers and each Swap Counterparty on each Determination Date and within fifteen (15) days (to the extent not earlier updated on a Determination Date) of a party

being added or removed as a Qualified Counterparty, upon any Qualified Counterparty becoming a Defaulting Counterparty, upon a change in the rating of a Qualified Counterparty or upon the violation of the Qualified Counterparty Concentration Limits.

Section 4.26 Repurchase Report. The Servicer shall deliver (i) a report (a "Repurchase Report") in a form substantially similar to Exhibit G attached hereto, to the Short Term Note Dealers, the Collateral Agent and each Swap Counterparty on each Business Day and (ii) a summary of each month's Repurchase Reports to the Short Term Note Dealers, the Collateral Agent and each Swap Counterparty on the second Business Day of the following month.

## ARTICLE V

### SERVICER ADVANCES

Section 5.1 Servicer Monthly Advances. On each Distribution Date, the Servicer shall deposit into the applicable sub-account of the Collection Account from its own funds an amount equal to all Monthly Payments which were due on the Mortgage Loans with respect to the applicable Due Period and which remain unpaid at the close of business on the related Determination Date or which were deferred pursuant to Section 4.1(c) hereof; *provided* that in the reasonable judgment of the Servicer, the amount of such Servicer Monthly Advance shall be recoverable from proceeds on the related Mortgage Loan. The Servicer's conditional obligation to make such Servicer Monthly Advances as to any Mortgage Loan will continue through the last Monthly Payment due prior to the scheduled payment in full of the Mortgage Loan or through the Distribution Date for the distribution of all Liquidation Proceeds and other payments or recoveries (including Insurance Proceeds and Condemnation Proceeds) with respect to the Mortgage Loan unless the Servicer provides an Officer's Certificate stating that such Servicer Monthly Advance would not be recoverable in its reasonable judgment from payments on the related Mortgage Loan or other proceeds thereof or from the related Mortgaged Property; *provided, however*, that the Servicer's obligation to make such Servicer Monthly Advances shall not continue if the Mortgage Loan has become a Defaulted Loan.

Without limitation of any other provision of this Purchase Agreement, with respect to any pair-off, sale or other settlement of a Qualified Forward Contract that does not result in a Qualified Settlement, the Servicer shall deposit into the applicable sub-account of the Collateral Account from its own funds on the day of such pair-off, sale or other settlement, an amount (each, a "Settlement Advance") equal to the amount, if any, by which (A) the aggregate Outstanding Purchase Price of the related Mortgage Loans exceeds (B) the sum of (x) the aggregate takeout prices for any Replacement Forward Contracts entered into plus (y) any Settlement Receipts received, minus (z) any Settlement Payments paid.

## ARTICLE VI

### GENERAL SERVICING PROCEDURES

Section 6.1 Transfers of Mortgaged Property. With respect to FHA Loans and VA Loans, the Mortgaged Property may be transferred in accordance with applicable FHA or VA regulations. With respect to any other Mortgage Loan, the Servicer shall enforce any "due-on-sale" provision in accordance with Accepted Servicing Practices and applicable law contained in any Mortgage or Mortgage Note and to deny assumption by the Person to whom the Mortgaged Property has been or is about to be sold whether by absolute conveyance or by contract of sale, and whether or not the Mortgagor remains liable on the Mortgage and the Mortgage Note. When the Mortgaged Property has been conveyed by the Mortgagor, the Servicer shall, to the extent it has actual knowledge of such conveyance, exercise its rights to accelerate the maturity of such Mortgage Loan under the "due-on-sale" clause applicable thereto; *provided, however*, that the Servicer shall not exercise such rights if prohibited by law from doing so or if the exercise of such rights would impair or threaten to impair any recovery under the related PMI Policy, if any.

If the Servicer reasonably believes it is unable under applicable law to enforce such "due-on-sale" clause, the Servicer shall enter into (i) an assumption and modification agreement with the person to whom such property has been conveyed, pursuant to which such person becomes liable under the Mortgage Note and the original Mortgagor remains liable thereon or (ii) in the event that the Servicer is unable under applicable law to require that the original Mortgagor remain liable under the Mortgage Note and the Servicer has the prior consent of the primary mortgage guaranty insurer, a substitution of liability agreement with the purchaser of the Mortgaged Property pursuant to which the original Mortgagor is released from liability and the purchaser of the Mortgaged Property is substituted as Mortgagor and becomes liable under the Mortgage Note.

Section 6.2 Satisfaction of Mortgages, Assignments of Mortgage Notes in Violation of this Purchase Agreement and the Release of Mortgage Loan Files. Upon the payment in full of each Mortgage Loan, or the receipt by the Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Servicer shall notify the Purchaser and the Collateral Agent.

If the Servicer satisfies or releases a Mortgage, without first having obtained payment in full of the indebtedness secured by the Mortgage, the Servicer pledges, transfers, assigns, sells, disposes of or otherwise delivers any Mortgage Note in any manner contrary to the provisions of this Purchase Agreement, or the Servicer otherwise prejudices any rights the Purchaser may have under the mortgage instruments which materially and adversely affects the value of the related Mortgage Loan, upon written demand of the Purchaser, the Servicer shall purchase the related Mortgage Loan at the Repurchase Price by deposit thereof in the applicable sub-account of the Collateral Account, within two (2) Business Days of receipt of such demand by the Purchaser.

Upon receipt of the Repurchase Price by the Collateral Agent, the Purchaser and the Servicer shall arrange for the reassignment of the relevant Mortgage Loans to the Servicer

and the delivery to the Servicer of any documents held by the Custodian relating to the reassigned Mortgage Loans. The Servicer shall, simultaneously with such assignment, give written notice to the Seller, the Collateral Agent, the Indenture Trustee and the applicable Swap Counterparty that such repurchase has taken place.

Section 6.3 Servicing Compensation. As compensation for its services hereunder, the Servicer shall be entitled to the Servicing Fee. The Servicer shall be required to pay all expenses incurred by it in connection with its servicing activities hereunder and shall not be entitled to reimbursement therefor except as specifically provided for herein.

Section 6.4 Annual Statement as to Compliance. The Servicer shall deliver to the Purchaser, the Manager, the Indenture Trustee, the Short Term Note Dealers and each Swap Counterparty on or before July 31<sup>st</sup> of each year beginning with July 31<sup>st</sup> of 2008, an Officer's Certificate, stating that (i) a review of the activities of the Servicer during the fiscal year ended on April 30<sup>th</sup> of the previous year and of its performance under this Purchase Agreement has been made under such officer's supervision, (ii) the Servicer has complied with the provisions of Article II and Article IV hereof and (iii) to the best of such officer's knowledge, based on such review, the Servicer has fulfilled its obligations in all material respects under this Purchase Agreement throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof and the action being taken by the Servicer to cure such default.

Section 6.5 Annual Independent Public Accountants' Servicing Report. On or before July 31<sup>st</sup> of each year beginning July 31<sup>st</sup> of 2008, the Servicer, at its expense, shall cause a firm of independent public accountants which is a member of the American Institute of Certified Public Accountants to furnish a report to the Purchaser, the Manager, the Indenture Trustee, the Short Term Note Dealers and each Swap Counterparty to the effect that such firm has examined management's assertion about the Servicer's compliance with the minimum standards identified in the Mortgage Bankers Association of America's Uniform Single Attestation Program for Mortgage Bankers (USAP), and that such firm is of the opinion that management's assertion that the Servicer complied with the aforementioned minimum servicing standards as of and for the annual period ended on April 30<sup>th</sup> of the previous year is fairly stated in all material respects. The Indenture Trustee shall have no duty to examine such report.

Section 6.6 Right to Examine Servicer Records. (a) The Purchaser, the Manager, the Indenture Trustee (acting at the written direction of the Required Senior Noteholders) and the Collateral Agent, upon three (3) Business Days prior notice, shall each have the right to reasonable access to the books, records, or other information of the Servicer, whether held by the Servicer or by another on its behalf, with respect to or concerning this Purchase Agreement or the Mortgage Loans, during regular business hours or at such other times as may be reasonable under applicable circumstances, upon reasonable advance notice.

(b) Agreed Upon Procedures Report. Not later than one hundred (100) days following the close of each fiscal year of the Servicer, beginning with the fiscal year ending April 30, 2009, the Servicer shall engage, at its own expense, a nationally recognized firm providing compliance, operational reviews and certifications of residential mortgage servicers, comparable to the Servicer, to perform certain agreed upon procedures, including an

examination of the books and records of the Servicer (such procedures and the scope of such examination to be mutually agreed upon beforehand by the Servicer and the Indenture Trustee), to test compliance with the Servicer's systems and procedures relating to the collection, segregation, disbursement and allocation of funds of the Issuer received pursuant to this Agreement. Such procedures shall form the basis of a report, to be furnished to the Indenture Trustee and the Swap Counterparties, that the administration and servicing of such funds is in compliance with the terms and conditions set forth in this Agreement and the Security Agreement, except for such non-material exceptions as shall be set forth in such report.

## **ARTICLE VII**

**[RESERVED]**

## **ARTICLE VIII**

### **SERVICER TO COOPERATE**

Section 8.1 Provision of Information. During the term of this Purchase Agreement, the Servicer shall furnish to the Purchaser, the Manager, each Swap Counterparty and the Indenture Trustee (on behalf of the Noteholders) such periodic, special, or other reports or information, including the Servicer Report required under the terms of this Purchase Agreement to be delivered to the Purchaser, the Manager, each Swap Counterparty, the Indenture Trustee (on behalf of the Noteholders), the Collateral Agent and the Short Term Note Dealers on each Distribution Date. All such reports, documents or information shall be provided by and in accordance with all reasonable instructions and directions which the Purchaser, any Swap Counterparty, the Manager and the Indenture Trustee may give.

The Servicer shall execute and deliver all such instruments and take all such action as the Purchaser, the Indenture Trustee (on behalf of the Noteholders), the Collateral Agent, any Swap Counterparty, the Custodian and the Short Term Note Dealers may reasonably request from time to time, in order to effectuate the purposes and to carry out the terms of this Purchase Agreement.

## **ARTICLE IX**

### **THE SERVICER**

Section 9.1 Indemnification of Third Party Claims. The Servicer agrees to indemnify and hold harmless the Purchaser, the Collateral Agent and each Swap Counterparty against any and all claims, losses, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments, and any other costs, fees and expenses that the Purchaser, any Swap Counterparty and the Collateral Agent may sustain to the extent attributable to the Servicer's gross negligence, fraudulent conduct or willful misconduct in the performance of its duties hereunder or a Servicer Event of Default. The Servicer shall immediately notify the Purchaser and each Swap Counterparty if a claim is made by a third-party with respect to this Purchase Agreement and the Servicer shall assume the defense of any such claim and pay all expenses in

connection therewith, including counsel fees, and promptly pay, discharge and satisfy any judgment or decree which may be entered against the Servicer, any Swap Counterparty or the Purchaser in respect of such claim. The Servicer's indemnification obligation pursuant to this Section 9.1 shall survive the termination of this Purchase Agreement and the Servicer's termination with respect to acts or omissions occurring prior to its termination.

Section 9.2 Corporate Existence of the Servicer. The Servicer shall keep in full effect its existence, rights and franchises as a corporation, and shall obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Purchase Agreement or any of the Mortgage Loans and to perform its duties under this Purchase Agreement.

Section 9.3 Limitation on Liability of Servicer and Others. Neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be under any liability to the Purchaser for any action taken or for refraining from the taking of any action in good faith pursuant to this Purchase Agreement, or for errors in judgment; *provided, however*, that this provision shall not protect the Servicer or any director, officer, employee or agent of the Servicer against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder, nor shall this provision protect the Servicer against any liability that would otherwise be imposed by reason of gross negligence, fraudulent conduct or willful misconduct in the performance of duties hereunder or a Servicer Event of Default. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on any document which it in good faith reasonably believes to be genuine and have been adopted or signed by the proper authorities respecting any matters arising hereunder. The Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties to service the Mortgage Loans in accordance with this Purchase Agreement and which in its opinion may involve it in any expense or liability; *provided, however*, that the Servicer may undertake any such action which it may deem necessary or desirable with respect to this Purchase Agreement and the rights and duties of the parties hereto. In such event, the Servicer shall be entitled to reimbursement from the Purchaser of the reasonable legal expenses and costs of such action.

Section 9.4 Limitation on Resignation and Assignment by the Servicer. The Purchaser has entered into this Purchase Agreement with the Servicer in reliance upon the adequacy of its servicing facilities, plant, personnel, records and procedures, its integrity, reputation and financial standing, and the continuance thereof. The Servicer shall not resign from the obligations and duties hereby imposed on it as to each Mortgage Loan except by consent of the Required Senior Noteholders, each Swap Counterparty, the Collateral Agent and the Required Subordinated Noteholders or upon the determination that its duties hereunder are no longer permissible under applicable law and such incapacity cannot reasonably be cured by the Servicer. Notice of any such determination permitting the resignation of the Servicer shall be delivered to each Rating Agency and such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Purchaser which Opinion of Counsel shall be in form and substance acceptable to the Purchaser. No such resignation shall become effective until a

successor shall have assumed the Servicer's responsibilities and obligations hereunder in the manner provided in Section 12.1 hereof, subject to Rating Agency Confirmation.

Section 9.5 Limitation on Assignment of Right. Except pursuant to a resignation approved pursuant to Section 9.4 hereof, the Servicer shall not assign, sell or otherwise transfer its right to receive any payments (including the Servicing Fee) hereunder.

## ARTICLE X

### DEFAULT

Section 10.1 Servicer Events of Default. Each of the following shall constitute a "Servicer Event of Default" on the part of the Servicer:

(a) Any failure by the Servicer to observe or perform in any material respect any of the terms, covenants or agreements on the part of the Servicer set forth in this Purchase Agreement, any Transfer Supplement or the Custodial Agreement (other than those set forth in clause (i) of this Section 10.1) which continues unremedied for a period of fifteen (15) days after the date on which the Servicer either has actual knowledge thereof or receives written notice thereof; or

(b) Any representation, warranty, statement or certificate made by the Servicer hereunder (excluding any representations or warranties made pursuant to Section 3.2 hereof) shall prove to have been incorrect in any material respect as of the time when made, and which continues to be incorrect in any material respect for fifteen (15) days after the date on which the Servicer either has actual knowledge thereof or receives written notice thereof; or

(c) Any failure by the Servicer to maintain any required licenses to do business in any jurisdiction where the Mortgaged Property is located, which failure has a material adverse effect on the ability of the Servicer to perform its functions under this Purchase Agreement or materially impairs the value of the Mortgage Loans and which continues to be unremedied for a period of fifteen (15) days after the date on which the Servicer either has actual knowledge thereof or receives written notice thereof; or

(d) Application by any Person (other than the Servicer) for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, including bankruptcy, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Servicer and a decree or order in connection with such application shall have remained in force undischarged or unstayed for a period of thirty (30) days; or

(e) The Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency, bankruptcy or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations; or



(f) The Servicer shall enter into a consent agreement or otherwise agree in writing with any federal or state regulatory agency or authority to restrict its activities, if the default of such agreement by the Servicer entitles such applicable federal or state agency to place the Servicer in receivership or conservatorship, or the Servicer shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Servicer or of or relating to all or substantially all of its property; or

(g) Notwithstanding anything herein to the contrary, unless the Servicer receives the written consent of both the Series 2005-1 Swap Counterparty and the Series 2008-1 Swap Counterparty, the Servicer shall fail to be an approved Servicer with FHLMC; or

(h) Failure of the Servicer to comply with its obligations under the third paragraph of Section 4.1(a)(i) hereof, which failure either cannot be remedied, or continues unremedied for a period of two (2) Business Days after the date on which the Servicer either has actual knowledge or receives written notice of such failure; or

(i) The failure on the part of the Servicer to make any payment or deposit required under this Purchase Agreement on or before two (2) Business Days after the date such payment or deposit is required to be made.

At any time during the continuance of an event described in clauses (a) through (i) above, the Purchaser may, and shall at the written request of the Required Subordinated Noteholders, with the consent of the Required Senior Noteholders, terminate all of the rights and obligations of the Servicer under this Purchase Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its receipt of unpaid Servicing Fees, unpaid Servicer Monthly Advances and any unpaid Servicing Advances. Notice of such termination shall be given to the Collateral Agent, the Indenture Trustee, the Manager, the Short Term Note Dealers, each Swap Counterparty and the Rating Agencies. Upon receipt by the Servicer of such written notice, all authority and power of the Servicer under this Purchase Agreement, whether with respect to the Mortgage Loans or otherwise, shall pass to and be vested in the successor appointed pursuant to Section 12.1 hereof. Upon written request from the Purchaser, the Servicer shall prepare, execute and deliver to the successor entity designated by the Purchaser any and all documents and other instruments, place in such successor's possession all Mortgage Loan Files, and do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including but not limited to the transfer and endorsement or assignment of the mortgage loans and related documents, at the Servicer's sole expense. The Servicer shall cooperate with such successor in effecting the termination of the Servicer's responsibilities and rights hereunder, including, without limitation, the transfer to such successor for administration by it of all cash amounts which shall at the time be credited by the Servicer to any Collection Account or Escrow Account or thereafter received with respect to the Mortgage Loans.

Section 10.2 Waiver of Defaults. With the consent of the Required Senior Noteholders and the Required Swap Counterparties, the Purchaser and the Required Subordinated Noteholders, by written notice to the Collateral Agent, may waive any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any waiver of a past default, such default shall cease to exist, and any event of default arising

therefrom shall be deemed to have been remedied for every purpose of this Purchase Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived. Notice of any such waiver shall be given to each Rating Agency.

## ARTICLE XI

### TERMINATION

Section 11.1 Termination of Agreement. This Purchase Agreement shall terminate upon the final payment, other liquidation (or any advance with respect thereto) or sale or Securitization of each Mortgage Loan sold hereunder, and the Seller's delivery of a written notice to the Purchaser that its commitment to purchase Eligible Loans hereunder has been terminated.

Section 11.2 Termination of Purchase Obligations. Each of the following shall constitute a termination event under this Purchase Agreement (each, a "Termination Event"):

(a) Any representation, warranty, statement, or certification made by the Seller (excluding any representations or warranties made pursuant to Section 3.2 hereof) in any Facility Document shall prove to have been false or misleading in any material respect as of the time when made, and which continues to be misleading in any material respect for a period of fifteen (15) days after the date on which the Seller either has actual knowledge thereof or receives written notice thereof; or

(b) The failure on the part of the Seller to observe or perform in any material respect any of the material terms, covenants or agreements of the Seller contained in this Purchase Agreement and any Facility Document which continues unremedied for a period of fifteen (15) days after the date on which the Seller either has actual knowledge thereof or receives written notice thereof; or

(c) Application by any Person (other than the Seller) for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, including bankruptcy, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Seller and such decree or order shall have remained in force undischarged or unstayed for a period of thirty (30) days; or

(d) (x) The Seller shall have a leverage ratio (the ratio of (i) Total Debt to (ii) Tangible Net Worth) of greater than 20:1, (y) the Tangible Net Worth of the Seller on any annual or interim report shall be less than \$100,000,000, or (z) the Rolling Two-Quarter Profitability of the Seller shall be less than \$1; or

(e) Any Servicer Event of Default has occurred and is continuing after giving effect to any applicable grace period; or

(f) The Purchaser or the Seller shall consent to the appointment of a conservator, receiver or liquidator in any insolvency, bankruptcy, readjustment of debt,

marshalling of assets and liabilities or similar proceedings of or relating to the Purchaser or the Seller or of or relating to all or substantially all of its property; or

(g) The Purchaser or the Seller shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency, bankruptcy or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations; or

(h) Non-Compliance with the Portfolio Aging Limitations or the Portfolio Criteria, and such non-compliance shall continue for a period of three (3) Business Days; or

(i) Interest Rate Swaps in an aggregate Maximum Notional Amount equal to the Program Size shall cease, for any reason, to be in full force and effect; or the Series 2005-1 Interest Rate Swap in a Maximum Notional Amount equal to the Series 2005-1 Program Size shall cease, for any reason, to be in full force and effect; or the Series 2008-1 Interest Rate Swap in a Maximum Notional Amount equal to the Series 2008-1 Program Size shall cease, for any reason, to be in full force and effect; or

(j) An Indenture Event of Default shall have been declared by the Indenture Trustee, the Required Senior Noteholders, the Series 2005-1 Required Senior Noteholders or the Series 2008-1 Required Senior Noteholders (or if the Senior Notes have been paid in full, the Required Subordinated Noteholders) or an automatic Indenture Event of Default shall have occurred and be continuing; or

(k) Notwithstanding anything herein to the contrary, unless the Seller receives the written consent of both the Series 2005-1 Swap Counterparty and the Series 2008-1 Swap Counterparty, the Seller shall fail to be an approved Seller with FHLMC; or

(l) Funds on deposit in the Reserve Fund shall be less than the Required Reserve Fund Amount for five (5) Business Days or more; or

(m) [RESERVED].

(n) The failure of the Purchaser to maintain an agreement (in substantially the form attached hereto as Exhibit B) with a Rated Bidder to the effect that such Rated Bidder agrees to submit a binding bid for all non-Delinquent Loans and non-Defaulted Loans in a Termination Event Auction which failure continues for a period of thirty (30) or more days; or

(o) One or more Swap Counterparties fail to agree to any extension of any Interest Rate Swap and a replacement Swap Counterparty or Swap Counterparties shall not have been obtained at least sixty (60) days prior to the scheduled termination date in a maximum notional amount at least equal to the lesser of (x) the Maximum Notional Amount of the Interest Rate Swap or Interest Rate Swaps represented by the non-extending Swap Counterparty or Swap Counterparties or (y) if the relevant Series Program Size has been modified, an amount equal to (i) the then-current Series Program Size less (ii) the Maximum Notional Amount of all applicable and effective (as of such scheduled termination date) Interest Rate Swaps; or

(p) (x) Taylor, Bean & Whitaker Mortgage Corp. shall fail to pay or post any of its payment obligations (including, for the avoidance of doubt, any collateral posted pursuant to a credit support annex or other credit support document) under any interest rate swap, credit support annex, other credit support document or similar hedging transaction with a notional amount, individually or in the aggregate, of more than \$50,000,000 and such failure continues unremedied for a period of three (3) Business Days after notice or (y) the Servicer shall fail to pay (after expiration of any applicable grace period) any of its debt obligations in excess of \$20,000,000 in the aggregate and such failure continues unremedied for a period of three (3) Business Days after notice; or

(q) The occurrence of an Event of Bankruptcy with respect to the Seller; or

(r) (i) The Forward Coverage Test is failed for a period of seven (7) consecutive Business Days, or (ii) the Forward Coverage Test is failed and cured, and subsequently failed in any period of seven (7) consecutive Business Days, or (iii) a Forward Coverage Test Default shall have occurred and be continuing; or

(s) [RESERVED].

(t) The Servicer shall fail to comply with its obligation to make an advance as set forth in the second paragraph of Section 5.1 hereof and such failure continues for a period of three (3) consecutive Business Days; or

(u) [RESERVED].

(v) On the last day of any calendar month, the aggregate Outstanding Purchase Price of Mortgage Loans in respect of which the Eligibility Representations were breached during such month shall exceed one (1) percent of the average aggregate Outstanding Purchase Price of all Mortgage Loans owned by the Purchaser during such calendar month; or

(w) The failure of the Servicer to deliver any reports listed on Schedule C in fully completed form by the applicable delivery date to each Swap Counterparty and such failure continues for a period of two (2) Business Days after either discovery by or notice to the Seller of such failure; or

(x) The failure of the Seller to repurchase or sell, in accordance with Section 3.3 hereof, any Mortgage Loans in respect of which the Eligibility Representations were breached or that are First Pay Defaulted Loans (after giving effect to the related cure periods, if any); or

(y) A Change of Control shall occur; or

(z) The Excess Spread Test is failed and such failure continues for a period of ten (10) consecutive Business Days after notice to the Seller of such failure;

*provided, however,* (i) at any time during the continuance of an event described in clauses (a), (b), or (e) above, the Purchaser may, and shall at the written request of the Required Subordinated Noteholders, with the consent of the Required Senior Noteholders, the Series 2005-

1 Required Senior Noteholders or the Series 2008-1 Required Senior Noteholders, notify the Seller that the commitment of the Purchaser to purchase Eligible Loans from the Seller shall terminate; (ii) at any time during the continuance of an event described in clause (a), (b), (d), (e), (p), (q), (r), (t), (x), (y) or (z) above, the Purchaser shall, at the written request of either Swap Counterparty, notify the Seller that the commitment of the Purchaser to purchase Eligible Loans from the Seller shall terminate; (iii) in the event of the occurrence of a Termination Event described in clauses (c), (f) through (l), (n) and (v) through (x) above, the commitment of the Purchaser to purchase Eligible Loans from the Seller shall automatically terminate; (iv) upon the declaration of a Termination Event by the Purchaser or the occurrence of an automatic Termination Event, the Purchaser will no longer be permitted to purchase additional Eligible Loans and principal payments on the Mortgage Loans, principal proceeds of sales and Securitizations of Mortgage Loans and amounts received from each Swap Counterparty will be retained under the Security Agreement and used to pay the outstanding obligations of the Purchaser pursuant to the terms thereof; (v) in arranging for sales and Securitizations of Mortgage Loans, the Servicer shall arrange for the timely delivery of Mortgage Loans or Securitization Securities, as applicable, into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract; (vi) if a Termination Event described in clauses (h), (l), (n) or (v) through (x) above occurs or an Indenture Event of Default described in clause (f), (k), (l), (o) or (q) of Section 9.1 of the Indenture occurs, the Servicer shall use commercially reasonable efforts to sell or Securitize all non-Delinquent Loans and non-Defaulted Loans within thirty (30) days of the date on which such Termination Event or Indenture Event of Default occurred; (vii) in performing its obligations, the Servicer shall arrange for the timely delivery of Mortgage Loans or Securitization Securities, as applicable, into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract, and shall only arrange for other sales or Securitizations in such thirty (30) day period to the extent that any non-Delinquent Loans or non-Defaulted Loans are not committed to a Qualified Forward Contract; (viii) in the event that all non-Delinquent Loans and non-Defaulted Loans have not been so committed for delivery into a Qualified Forward Contract or otherwise sold or Securitized, on such thirtieth (30<sup>th</sup>) day, the Collateral Agent shall hold an auction (a "Termination Event Auction") of the remaining non-Delinquent Loans and non-Defaulted Loans for settlement not later than the forty-fifth (45<sup>th</sup>) day following the date on which such Termination Event or Indenture Event of Default occurred; (ix) the Collateral Agent shall notify potential bidders of the Termination Event Auction, including one bidder (unaffiliated with the Seller) obligated to make a bid in any such auction; *provided, however*, such bidder shall have a "P-1" rating from Moody's (the "Rated Bidder"); (x) during the Termination Event Auction, the Collateral Agent shall promptly notify the applicable Swap Counterparty of the highest bid price obtained in the Termination Event Auction for each such non-Delinquent Loan and non-Defaulted Loan and such Swap Counterparty shall have the right to bid on such non-Delinquent Loan and non-Defaulted Loan; (xi) the Collateral Agent shall be permitted to sell such Mortgage Loans to the highest bidder, including any Swap Counterparty that is the highest bidder; (xii) if either (1) a Termination Event described in clause (d), (p), (q), (r), (t) or (x) above occurs and, as a result of the occurrence of such Termination Event, either Swap Counterparty reasonably believes, in its sole discretion, that there will be a material impairment in the value of the Mortgage Loans or (2) after the occurrence of any Termination Event any Mortgage Loan is not deliverable into a Qualified Forward Contract, whether as a result of a default by the Qualified Counterparty or otherwise, then in either case, the Servicer shall, at the

written request of such Swap Counterparty (such request shall certify in writing to the reasonable belief of such Swap Counterparty to the material impairment in the value of the Mortgage Loans), use commercially reasonable efforts to sell or Securitize all non-Delinquent Loans and non-Defaulted Loans within thirty (30) days of the date on which the Termination Event occurred or the failure of any Mortgage Loan to be so deliverable, as applicable; (xiii) in performing its obligations, (x) the Servicer shall arrange for the timely delivery of Mortgage Loans or Securitization Securities, as applicable, into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract, and shall only arrange for other sales or Securitizations in such thirty (30) day period to the extent that any non-Delinquent Loans or non-Defaulted Loans are not committed to a Qualified Forward Contract and (y) the Servicer shall arrange for the sale of Delinquent Loans within twenty (20) days of the date on which the Termination Event or Indenture Event of Default occurred; (xiv) in the event that all non-Delinquent Loans and non-Defaulted Loans have not been so committed for delivery into a Qualified Forward Contract or otherwise sold or Securitized, on such thirtieth (30<sup>th</sup>) day the Collateral Agent shall hold a Termination Event Auction, in the manner described above, for settlement not later than the forty-fifth (45<sup>th</sup>) day following the date on which such Termination Event occurred; and (xv) upon (1) the date of a declaration of a Termination Event by the Purchaser or the occurrence of an automatic Termination Event and (2) every fourth (4<sup>th</sup>) Business Day thereafter (each, a "Bid Date"), each Swap Counterparty, the Servicer and the Collateral Agent shall agree to cooperate in connection with the sale, delivery and assignment of the remaining Mortgage Loans, Securitization Securities, and Qualified Forward Contracts and Forward Trades in a manner which will maximize the sales proceeds and net Settlement Receipts from the sale of such Mortgage Loans, Securitization Securities, and Qualified Forward Contracts and Forward Trades.

Notwithstanding anything in this Section 11.2 or any other Facility Document to the contrary, no Termination Event shall arise solely as a result of non-compliance with clause (iii) of the definition of Portfolio Criteria during the period from August 5, 2005 through February 27, 2006, and any Termination Event that otherwise would have arisen as a result of such non-compliance shall be deemed cured and the consequences of any such Termination Events permanently shall be waived and cease to be in effect.

Section 11.3 Termination of Servicing With Respect to Any Mortgage Loan. The servicing of any Mortgage Loan in accordance with the terms of this Purchase Agreement shall terminate upon the occurrence of the following: (i) the receipt into the Collateral Account of the proceeds of any sale or Securitization of such Mortgage Loan or the Repurchase Price or Principal Prepayment in full of such Mortgage Loan or (ii) the effectiveness of the termination of the Servicer pursuant to Section 12.1 hereof. No termination shall become effective until a successor shall have assumed the Servicer's responsibilities and obligations hereunder in the manner provided in Section 12.1 hereof.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.1 Successor to Servicer. Prior to termination of the Servicer's responsibilities and duties under this Purchase Agreement pursuant to Sections 9.4 or 10.1

hereof, the Purchaser shall appoint a successor servicer, subject to the approval of the Required Swap Counterparties and Required Senior Noteholders, which shall succeed to all rights and assume all of the responsibilities, duties and liabilities of the Servicer under this Purchase Agreement prior to the termination of the Servicer's responsibilities, duties and liabilities under this Purchase Agreement. In the event that the Servicer's duties, responsibilities and liabilities under this Purchase Agreement should be terminated pursuant to the aforementioned Sections, the Servicer shall discharge such duties, responsibilities and liabilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the degree of diligence and prudence which it is obligated to exercise under this Purchase Agreement and shall take no action whatsoever that might impair or prejudice the rights or financial condition of its successor. The resignation or removal of the Servicer pursuant to the aforementioned Sections shall not become effective until (i) a successor shall be appointed pursuant to this Section 12.1 and (ii) notice thereof shall have been given to the Rating Agencies and each Swap Counterparty and the Purchaser shall have received Rating Agency Confirmation, and such resignation or removal shall in no event relieve the Servicer of the representations and warranties made pursuant to Section 3.1 hereof and the remedies available to the Purchaser under Section 9.1 hereof, it being understood and agreed that the provisions of such Sections 3.1 and 9.1 hereof shall be applicable to the Servicer notwithstanding any such sale, assignment, resignation or termination of the Servicer, or the termination of this Purchase Agreement.

Any successor appointed as provided herein shall execute, acknowledge and deliver to the Servicer and the Purchaser an instrument accepting such appointment, wherein the successor shall make the representations and warranties set forth in Section 3.1 hereof, whereupon such successor shall become fully vested with all the rights, powers, duties, responsibilities, obligations and liabilities of the Servicer, with like effect as if originally named as a party to this Purchase Agreement. Any termination or resignation of the Servicer or termination of this Purchase Agreement pursuant to Sections 9.4 or 10.1 hereof shall not affect any claims that the Purchaser may have against the Servicer arising out of the Servicer's actions or failure to act prior to any such termination or resignation.

The Servicer shall promptly deliver to the successor servicer the funds in any Collection Account and Escrow Account and all Mortgage Loan Files and related documents and statements held by it hereunder and the Servicer shall account for all funds and shall execute and deliver such instruments and do such other things as may reasonably be required to more fully and definitively vest in the successor all such rights, powers, duties, responsibilities, obligations and liabilities of the Servicer.

Section 12.2 Amendment. This Purchase Agreement may only be amended with the written consent of the Purchaser, the Seller, each Swap Counterparty and the Servicer, and upon prior written notice of such amendment to each Rating Agency; *provided, however*, that any material amendment shall be subject to Rating Agency Confirmation. The costs and expenses associated with any such amendment shall be borne by the party requesting the amendment.

Section 12.3 Governing Law. THIS PURCHASE AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER

SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS WITHOUT REGARD TO ANY PROVISIONS OF NEW YORK LAW THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER STATE OR FOREIGN COUNTRY.

Section 12.4 Duration of Agreement. This Purchase Agreement shall continue in existence and effect until terminated as provided in Section 11.1 hereof.

Section 12.5 Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, postage prepaid, or sent by telecopier or electronic messaging, addressed as follows:

- (i) if to the Company:

Taylor, Bean & Whitaker Mortgage Corp.  
315 NE 14<sup>th</sup> Street  
Ocala, FL 34470  
Attention: Paul Allen  
Facsimile: 352-690-0512

with a copy to the general counsel delivered at the same address, or such other address, facsimile number or electronic mail address, as applicable, as may hereafter be furnished to the Purchaser in writing.

- (ii) if to the Purchaser:

Ocala Funding, LLC  
c/o Taylor, Bean & Whitaker Mortgage Corp.  
315 NE 14<sup>th</sup> Street  
Ocala, FL 34470  
Attention: Paul Allen  
Facsimile: 352-690-0512

with a copy to the general counsel delivered at the same address, or such other address, facsimile number or electronic mail address, as applicable, as may hereafter be furnished to the Seller or the Servicer in writing.

- (iii) If to a Swap Counterparty, at the address set forth in the applicable Interest Rate Swap.

Section 12.6 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Purchase Agreement shall be held invalid for any reason whatsoever, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Purchase Agreement and shall in no way affect the validity or enforceability of the other provisions of this Purchase Agreement.



Section 12.7 Relationship of Parties. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto and the services of the Servicer shall be rendered as an independent contractor and not as agent for the Purchaser.

Section 12.8 Execution; Successors and Assigns. This Purchase Agreement may be executed in one or more counterparts and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed to be an original; such counterparts, together, shall constitute one agreement. This Purchase Agreement shall inure to the benefit of and be binding upon the Servicer and the Purchaser and their respective successors and assigns; *provided, however*, that the rights of the Purchaser and each Swap Counterparty to indemnity from the Servicer pursuant to Section 9.1 hereof are not assignable and shall inure only to the benefit of the Purchaser and such Swap Counterparty and to no other Person.

Section 12.9 Recordation of Assignments of Mortgage. To the extent permitted by applicable law, each of the Assignments of Mortgage may be recorded in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the Mortgaged Properties are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected at the Purchaser's expense in the event recordation is requested by the Purchaser upon the occurrence of a Termination Event that would require the Servicer to sell or Securitize all non-Delinquent or non-Defaulted Loans pursuant to Section 11.2 hereof.

Section 12.10 Assignment by Purchaser. The Purchaser shall have the right to assign its interest under this Purchase Agreement to the Collateral Agent for the benefit of the Secured Parties pursuant to the Security Agreement.

Section 12.11 Non-Petition Agreement. Notwithstanding any prior termination of this Purchase Agreement, each of the Seller and the Servicer severally and not jointly covenants and agrees that it shall not, prior to the date which is one year and one day (or if longer, the applicable preference period then in effect) after the payment in full of the Notes or any other rated obligations of the Purchaser, acquiesce, petition or otherwise, directly or indirectly, invoke or cause the Purchaser to invoke the process of any governmental authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Purchaser.

Section 12.12 Waiver of Offset. The Servicer agrees to deliver to the Purchaser all amounts required by this Purchase Agreement to be delivered by the Servicer to the Purchaser free and clear of any offset, counterclaim or other deduction on account of, or in respect of, any Purchaser to the Servicer hereunder.

Section 12.13 Limited Recourse. The Servicer agrees that the obligations of the Purchaser to the Servicer under this Purchase Agreement are limited recourse obligations of the Purchaser payable solely from the assets of the Purchaser available for such purposes under the Security Agreement and that, upon application of all assets of the Purchaser available under the Security Agreement for such purposes, the Servicer shall have no recourse to the Purchaser for

any obligations of the Purchaser to the Servicer to the extent such application does not provide for full satisfaction and payment of such obligation. This Section 12.13 shall survive the termination of this Purchase Agreement.

Section 12.14 Non-Petition Agreement. The Purchaser shall cause each party to the Facility Documents and each party to any other document incidental or related to any Facility Document (other than the Manager and the Person acting as "Special Member" of the Purchaser under the LLC Agreement), to covenant and agree that it shall not, prior to the date which is one year and one day (or if longer, the applicable preference period then in effect) after the payment in full of the latest maturing Note, acquiesce, petition or otherwise, directly or indirectly, invoke or cause the Purchaser to invoke the process of any governmental authority for the purpose of commencing or sustaining a case against the Purchaser under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Purchaser or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Purchaser. This Section 12.14 shall survive the termination of this Purchase Agreement.

Section 12.15 Third-Party Beneficiary. Each Swap Counterparty and the Rated Bidder are third-party beneficiaries to this Purchase Agreement and are entitled to the rights and benefits hereunder and may enforce the provisions hereof as if they were parties hereto.

### ARTICLE XIII

[RESERVED]

### ARTICLE XIV

#### ASSIGNMENT

Section 14.1 Assignment. Notwithstanding anything to the contrary contained in this Purchase Agreement but subject to the provisions of Sections 2.2(b), 3.3 and 12.15 hereof that assign specific rights to each Swap Counterparty, the Purchaser hereby assigns, conveys, transfers, delivers and sets over unto the Collateral Agent for the benefit of the Secured Parties, all of its right, title and interest in, to and under, whether now owned or existing, or hereafter acquired, this Purchase Agreement. The Purchaser acknowledges the security interest in the Mortgage Loans of the Collateral Agent as representative secured party for the Secured Parties and the Persons or entities to whom the Purchaser owes the obligations secured by such Mortgage Loans.

Subject to Section 8.01 of the Security Agreement, the Purchaser and the Seller shall each treat the Collateral Agent as the Purchaser under this Purchase Agreement and each consent to such assignment and acknowledge that the Collateral Agent shall enjoy the Purchaser's rights under this Purchase Agreement pursuant to the provisions of this Section 14.1. Without limiting the generality of the foregoing, the Purchaser and the Seller shall each report to and correspond and communicate with the Collateral Agent and in all other regards treat the Collateral Agent as the purchaser hereunder with respect to the Mortgage Loans. The Collateral

Agent shall have all rights of the Purchaser to enforce the covenants and conditions set forth in this Purchase Agreement with respect to the Mortgage Loans, and the Purchaser and the Seller, respectively, shall each follow the instructions of the Collateral Agent under this Purchase Agreement. The Collateral Agent shall have the right to give any waivers or consents required or allowed under this Purchase Agreement, and such waivers and consents shall be binding upon the Purchaser and any party for whom the Collateral Agent acts as representative secured party as if the Purchaser or such party had given the same. All amounts due the Purchaser under this Purchase Agreement shall be remitted to the Collateral Agent in accordance with the Collateral Agent's instructions and in accordance with this Purchase Agreement.

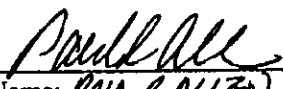
IN WITNESS WHEREOF, the Seller, the Servicer and the Purchaser have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

TAYLOR, BEAN & WHITAKER  
MORTGAGE CORP.,  
as Seller and Servicer

By:   
Name: PAUL R ALLEN  
Title: CEO

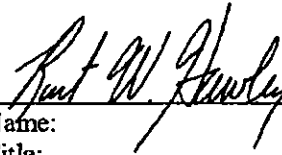
OCALA FUNDING, LLC,  
as Purchaser

By: Taylor, Bean & Whitaker Mortgage Corp.,  
as Manager

By:   
Name: PAUL R ALLEN  
Title: CEO

Acknowledged and consented to:

BNP PARIBAS,  
as the Series 2005-1 Swap Counterparty

By:  **ROBERT W. HAWLEY**  
Name: Robert W. Hawley  
Title: Head of Fixed Income Americas

 **JANE SHANKANESH**  
Authorized Signatory

DEUTSCHE BANK, AG, LONDON  
BRANCH, as the Series 2008-1 Swap  
Counterparty

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

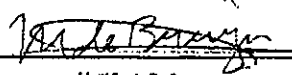
Acknowledged and consented to:

BNP PARIBAS,  
as the Series 2005-1 Swap Counterparty

By: \_\_\_\_\_  
Name:  
Title:

DEUTSCHE BANK, AG, LONDON  
BRANCH, as the Series 2008-1 Swap  
Counterparty

By:  \_\_\_\_\_  
Name: Daniel Pietrzak  
Title: Managing Director

By:  \_\_\_\_\_  
Name: Matthijs de Bruijs  
Title: Vice President

## Schedule A

### PERFECTION REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to the representations, warranties and covenants contained in the Second Amended and Restated Mortgage Loan Purchase and Servicing Agreement (the "Purchase Agreement"), to induce the Servicer and the Purchaser to enter into the Purchase Agreement, the Seller (other than with respect to paragraph 12) and the Servicer (with respect to paragraph 12) hereby represent, warrant, and covenant to the Purchaser and the Servicer as to itself as follows, on the Amendment Closing Date and on each applicable Closing Date thereafter:

#### General

1. The Purchase Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Mortgage Loans, including the related servicing rights and all collateral related thereto now existing or hereafter arising in favor of the Purchaser, which security interest is prior to all other liens, and is enforceable as such as against creditors of and purchasers from the Seller.

2. The Mortgage Loans constitute "general intangibles" or "instruments" within the meaning of the UCC as in effect in the State of New York.

#### Creation

3. The Seller owns and has good and marketable title to the Mortgage Loans free and clear of any lien, claim or encumbrance of any Person, excepting only liens for taxes, assessments or similar governmental charges or levies incurred in the ordinary course of business that are not yet due and payable or as to which any applicable grace period shall not have expired, or that are being contested in good faith by proper proceedings and for which adequate reserves have been established, but only so long as foreclosure with respect to such a lien is not imminent and the use and value of the property to which the lien attaches is not impaired during the pendency of such proceeding.

4. The Seller has received or will receive all consents and approvals to the sale of the Mortgage Loans hereunder to the Purchaser required by the terms of the Mortgage Loans that constitute instruments or payment intangibles.

#### Perfection

5. The Seller has caused or will have caused, within ten days after the effective date of the Purchase Agreement, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect in accordance with the UCC the sales of Mortgage Loans from the Seller to the Purchaser, and the security interest in the Mortgage Loans granted to the Purchaser hereunder.

6. The Seller has in its possession the original copies of such instruments that constitute or evidence the Mortgage Loans, and the Purchaser has caused or will have caused within ten days of the effective date of the Purchase Agreement, the filing of financing statements against the Purchaser and the Seller in favor of the Secured Parties in connection herewith describing such Mortgage Loans and containing a statement that: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Secured Parties."

#### Priority

7. Neither the Seller nor the Purchaser has authorized the filing of, or is aware of any financing statements against either the Seller or the Purchaser that include a description of collateral covering the Mortgage Loans or the Assigned Collateral, respectively, other than any financing statements (i) relating to the sale of Mortgage Loans by the Seller to the Purchaser under the Purchase Agreement or relating to the transfer of the Assigned Collateral from the Purchaser to the Collateral Agent under the Security Agreement, (ii) relating to the security interest granted to Purchaser hereunder or the Collateral Agent pursuant to the Security Agreement, or (iii) that have been terminated.

8. The Seller is not aware of any judgment, ERISA or tax lien filings against the Seller or Purchaser.

9. None of the instruments that constitute or evidence the Mortgage Loans has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Purchaser hereunder or the Collateral Agent pursuant to the Security Agreement.

10. Survival of Perfection Representations. Notwithstanding any other provision of the Purchase Agreement or any other Facility Document, the Perfection Representations contained in this Schedule shall be continuing, and remain in full force and effect (notwithstanding any termination of any of the Facility Documents or any replacement of the Servicer or termination of Servicer's rights to act as such) until such time as all Obligations have been finally and fully paid and performed.

11. No Waiver. The parties to the Purchase Agreement: (i) shall not, without obtaining a confirmation of the then-current rating of all outstanding Series of Notes, waive any of the Perfection Representations; and (ii) shall provide the Ratings Agencies with prompt written notice of any breach of the Perfection Representations, and shall not, without obtaining a confirmation of the then-current rating of the all outstanding Series of Notes (as determined after any adjustment or withdrawal of the ratings following notice of such breach) waive a breach of any of the Perfection Representations.

12. Servicer to Maintain Perfection and Priority. The Servicer covenants that, in order to evidence the interests of Purchaser and the Collateral Agent under this Purchase Agreement and the Security Agreement, respectively, the Servicer shall take such action, or execute and deliver such instruments (other than effecting a Filing (as defined below), unless such Filing is effected in accordance with this paragraph) as may be necessary or advisable



(including, without limitation, such actions as are requested by the Purchaser or the Collateral Agent) to maintain and perfect, as a first priority interest, the Purchaser's security interest in the Mortgage Loans and the Collateral Agent's security interest in the Assigned Collateral. The Servicer shall, from time to time and within the time limits established by law, prepare and present to the Purchaser and the Collateral Agent for the Purchaser or the Collateral Agent, as applicable, to authorize (based in reliance on the Opinion of Counsel hereinafter provided for) the Servicer to file, all financing statements, amendments, continuations, initial financing statements in lieu of a continuation statement, terminations, partial terminations, releases or partial releases, or any other filings necessary or advisable to continue, maintain and perfect the Purchaser's security interest in the Mortgage Loans as a first-priority interest and the Collateral Agent's security interest in the Assigned Collateral as a first-priority interest (each a "Filing"). The Servicer shall present each such Filing to the Purchaser or the Collateral Agent, as applicable, together with (x) an Opinion of Counsel to the effect that such Filing is (i) consistent with grant of the security interest to the Purchaser pursuant to the granting clause in Section 2.1 (b) of this Purchase Agreement and consistent with the grant of the security interest to the Collateral Agent pursuant to the granting clause of the Security Agreement, (ii) satisfies all requirements and conditions to such Filing in this Purchase Agreement and satisfies all requirements and conditions to such Filing as set forth in the Security Agreement, and (iii) satisfies the requirements for a Filing of such type under the Uniform Commercial Code in the applicable jurisdiction (or if the Uniform Commercial Code does not apply, the applicable statute governing the perfection of security interests), and (y) a form of authorization for the Purchaser's signature or the Collateral Agent's signature, as applicable. Upon receipt of such Opinion of Counsel and form of authorization, the Purchaser or the Collateral Agent, as applicable, shall promptly authorize in writing the Servicer to, and the Servicer shall, effect such Filing under the Uniform Commercial Code without further authorization of the Purchaser or the Collateral Agent, as applicable, where allowed by applicable law. Notwithstanding anything else in the Facility Documents to the contrary, the Servicer shall not have any authority to effect a Filing without obtaining written authorization from the Purchaser or the Collateral Agent, as applicable, in accordance with this paragraph.

Schedule B

**QUALIFIED COUNTERPARTIES**

**As of the Amendment Closing Date**

**Group A1:**

**At least A- or A3**

<b>Counterparty</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Parent</b>	<b>Moody's</b>	<b>S&amp;P</b>
Bank of America Securities Corp	NR	NR	Bank of America Corp.	Aa2	AA-
Bank of Oklahoma NA	A3	A-	BOSC Inc.	A3	A-
BB&T Capital Markets	Aa3	A	BB&T	Aa3	A
BNP Paribas Securities Corporation	NR	NR	BNP Paribas	Aa2	AA
Citigroup Global Markets Inc.	NR	AA-	Citigroup Inc.	Aa1	AA-
Countrywide Securities Corp.	A3	A	Countrywide Financial Corp.	A3	A
Credit Suisse Securities (USA) LLC	NR	NR	Credit Suisse Group	Aa3	A
Deutsche Bank Securities Inc	A-	A+	Deutsche Bank AG	Aa3	AA-
Freddie Mac	Aaa	NR	Freddie Mac	Aaa	NR
Goldman Sachs & Co.	Aa3	A+	Goldman Sachs & Co.	Aa3	A+
HSBC Securities (USA) Inc.	A1	A	HSBC Holdings PLC	Aa3	A+
Lehman Brothers Inc.	A1	A+	Lehman Brothers Inc.	A1	A+
Mesirow Financial	NR	NR	ADP	Aaa	AAA
Morgan Stanley Market Products, Inc.	NR	NR	Morgan Stanley & Co.	Aa3	A+
Nomura Securities International	NR	A-	Nomura Bank	NR	A-
RBC Dain Rauscher	Aa2	AA-	RBC Dain Rauscher	Aa2	AA-
Wachovia Capital Markets LLC	Aa3	AA-	Wachovia Corporation	Aa3	AA-
Washington Mutual Capital Corp.	NR	A	Washington Mutual Bank	Baa1	A

**Group A2:**

**At least BBB- or Baa3 but below A- or A3**

<b>Counterparty</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Parent</b>	<b>Moody's</b>	<b>S&amp;P</b>
Jefferies & Co., Inc	Baa-1	BBB	Jefferies & Co., Inc	Baa-1	BBB

**Group A3:**

**Not Rated**

<b>Counterparty</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Parent</b>	<b>Moody's</b>	<b>S&amp;P</b>
Cantor Fitzgerald Securities	NR	NR	Cantor Fitzgerald	NR	NR
Stephens Inc.	NR	NR	Stephens Inc.	NR	NR

**Single Obligor as of the Amendment Closing Date**

**Group B1:**

**At least AA- or Aa3**

Counterparty	Moody's	S&P	Parent	Moody's	S&P
Bank of America Securities Corp	NR	NR	Bank of America Corp.	Aa2	AA-
BB&T Capital Markets	Aa3	A	BB&T	Aa3	A
BNP Paribas Securities Corporation	NR	NR	BNP Paribas	Aa2	AA
Citigroup Global Markets Inc.	NR	AA-	Citigroup Inc.	Aa1	AA-
Credit Suisse Securities (USA) LLC	NR	NR	Credit Suisse Group	Aa3	A
Deutsche Bank Securities Inc	A-	A+	Deutsche Bank AG	Aa3	AA-
Freddie Mac	Aaa	NR	Freddie Mac	Aaa	NR
Goldman Sachs & Co.	Aa3	A+	Goldman Sachs & Co.	Aa3	A+
HSBC Securities (USA) Inc.	A1	A	HSBC Holdings PLC	Aa3	A+
Mesirow Financial	NR	NR	ADP	Aaa	AAA
Morgan Stanley & Co.	NR	NR	Morgan Stanley & Co.	Aa3	A+
RBC Dain Rauscher	Aa2	AA-	RBC Dain Rauscher	Aa2	AA-
Wachovia Capital Markets LLC	Aa3	AA-	Wachovia Corporation	Aa3	AA-

**Group B2:**

**At least A+ or A1 but below AA- or Aa3**

Counterparty	Moody's	S&P	Parent	Moody's	S&P
Lehman Brothers Inc.	A1	A+	Lehman Brothers Inc.	A1	A+

**Group B3:**

**At least BBB or Baa2 but below A+ or A1**

Counterparty	Moody's	S&P	Parent	Moody's	S&P
Nomura Securities International	NR	A-	Nomura Bank	NR	A-
Washington Mutual Capital Corp.	NR	A	Washington Mutual Bank	Baa1	A
Countrywide Securities Corp.	A3	A	Countrywide Financial Corp.	A3	A
Jefferies & Co., Inc	Baa-1	BBB	Jefferies & Co., Inc	Baa-1	BBB
Bank of Oklahoma NA	A3	A-	BOSC Inc.	A3	A-

**Group B4:**

**Below BBB or Baa2 or Not Rated**

Counterparty	Moody's	S&P	Parent	Moody's	S&P
Cantor Fitzgerald Securities	NR	NR	Cantor Fitzgerald	NR	NR
Stephens Inc.	NR	NR	Stephens Inc.	NR	NR

Schedule C

SWAP COUNTERPARTY REPORTS

<u>Report</u>	<u>Delivery Period</u>
1. Daily Report	Daily
2. Qualified Counterparty Report	As provided in Section 4.25 of the Purchase Agreement
3. Mark-to-Market Report	Bi-monthly
4. Monthly Servicer Report	Monthly
5. Repurchase Report	Daily
6. Short Term Note Certificate	As provided in Section 4(d) of the applicable Depositary Agreement

EXHIBIT A

FORM OF TRANSFER SUPPLEMENT

[Date]

Ocala Funding, LLC  
c/o Taylor, Bean & Whitaker Mortgage Corp.  
315 NE 14<sup>th</sup> Street  
Ocala, FL 34470  
Attention: Paul R. Allen

Purchase Terms Letter

Ladies and Gentlemen:

Taylor, Bean & Whitaker Mortgage Corp. (the "Company") and Ocala Funding, LLC (the "Purchaser") herewith confirm the terms and provisions of the Second Amended and Restated Mortgage Loan Purchase and Servicing Agreement (the "Purchase Agreement") entered into on June 30, 2008 pursuant to which the Company and the Purchaser agreed upon the terms under which the Company would from time to time sell mortgage loans to the Purchaser. In consideration of the promises and the mutual agreements herein and therein set forth, the Company and the Purchaser hereby agree to the terms and provisions of the sale of the Mortgage Loans described in the Mortgage Loan Schedule attached hereto as Exhibit I, as set forth below and as described in more detail in the Purchase Agreement. Upon execution of this Transfer Supplement by the Company and the Purchaser and receipt of the Purchase Price therefor, the Company hereby sells, assigns, transfers, sets over and conveys to the Purchaser all right, title and interest of the Company in, to and under each mortgage loan identified on the attached Transfer Schedule (collectively, the "Mortgage Loans").

- i. Closing Date: [\_\_\_\_\_, \_\_\_\_\_] The purchase price shall be paid by the Purchaser to the Company in immediately available funds on such Closing Date.
- ii. Purchase Price: The purchase price for the Mortgage Loan(s) shall be \$[\_\_\_\_\_]
- iii. The Mortgage Loans: The Mortgage Loans are Series [2005-1] [2008-1] Mortgage Loans having the characteristics set forth on the Mortgage Loan Schedule, set forth as Exhibit I attached hereto.
- iv. Representations and Warranties: Each representation and warranty of the Company set forth in Sections 3.1 and 3.2 of the Purchase Agreement will be true and correct on the Closing Date as they relate to the Mortgage Loans.
- v. Terms: All references herein to the Mortgage Loans shall be deemed to refer only to the Mortgage Loans described in the Mortgage Loan Schedule attached hereto.

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- vi. Qualified Forward Contracts. In connection with the Mortgage Loans and as indicated on Exhibit I, the Company has sold, transferred, assigned, set over and conveyed the Qualified Forward Contracts.
- vii. Servicing Rights. The Seller has sold, transferred, assigned, set over and conveyed the servicing rights related to all Mortgage Loans.

Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

Kindly acknowledge your agreement and consent to the terms of this letter by signing and returning to us the enclosed duplicate copy hereof.

Very truly yours,

TAYLOR, BEAN & WHITAKER  
MORTGAGE CORP.

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Acknowledged and consented to:

OCALA FUNDING, LLC,

By: Taylor, Bean & Whitaker Mortgage Corp.,  
as Manager

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Exhibit I to Transfer Supplement

Mortgage Loan Schedule,  
Qualifying Documents

- (1) Identifying number for the Mortgage Loan:
- (2) Mortgagor's name:
- (3) Street address of the mortgaged property including the state code:
- (4) Mortgage interest rate:
- (5) Stated maturity date:
- (6) Amount of monthly payment:
- (7) Original principal balance:
- (8) Purchase price:
- (9) Closing date:
- (10) FHA/VA Case number, if applicable:
- (11) Note date:
- (12) First Due Date:
- (13) MERS MIN#:
- (14) Qualifying Documents (describe):
- (15) Series 2005-1 Mortgage Loan or Series 2008-1 Mortgage Loan:

EXHIBIT B  
FORM OF RATED BIDDER AGREEMENT

[            ]

[        ], 2008

Ocala Funding, LLC  
c/o Taylor, Bean & Whitaker Mortgage Corp.  
315 NE 14<sup>th</sup> Street  
Ocala, FL 34470  
Attn: Paul Allen

Taylor, Bean & Whitaker Mortgage Corp.  
315 NE 14<sup>th</sup> Street  
Ocala, FL 34470  
Attn: Paul Allen

LaSalle Bank National Association  
135 S. LaSalle Street, Suite 1511  
Mail Code: IL4-135-15-11  
Chicago, Illinois 60603  
Attention: Global Trust Services Group-Ocala Funding LLC  
Telephone No.: (312) 992-0079  
Telecopy No.: (312) 904-1386  
E-mail Address: m.smith@lasallegts

Dear Sirs:

Reference is made to (i) the Second Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of June 30, 2008 (the "Mortgage Loan Purchase Agreement"), among Taylor, Bean & Whitaker, as seller and as servicer, and Ocala Funding, LLC, as purchaser (the "Issuer") and (ii) the Second Amended and Restated Base Indenture, dated as of June 30, 2008 (the "Base Indenture"), between the Issuer and LaSalle Bank National Association, as indenture trustee, as it may be amended, modified or supplemented from time to time and together with any supplements thereto, modified or supplemented (the ("Indenture"). Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Mortgage Loan Purchase Agreement and the Indenture.

Pursuant to Section 11.2 of the Mortgage Loan Purchase Agreement, if a Termination Event set forth in clauses (h), (l), (n) or (v) through (x) thereof occurs or, pursuant to Section 9.1 of the Indenture, if an Indenture Event of Default set forth in clause (f), (k), (l), (o) or (q) thereof occurs, the Servicer is required to cause the Collateral Agent to use commercially reasonable efforts to sell or securitize all non-Delinquent Loans and non-Defaulted Loans within thirty (30) days of the date on which such Termination Event or Indenture Event of Default occurred. In performing its obligations during such thirty (30) day period, the Servicer shall

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arrange for the timely delivery of Mortgage Loans or Securitization Securities, as applicable, into the related Qualified Forward Contract in accordance with the terms of such Qualified Forward Contract and shall only arrange for other sales or Securitizations to the extent that any non-Delinquent Loans or non-Defaulted Loans are not committed to a Qualified Forward Contract. In the event that all non-Delinquent Loans and non-Defaulted Loans have not been so committed for delivery into a Qualified Forward Contract or otherwise sold or securitized on such thirtieth (30<sup>th</sup>) day, the Collateral Agent shall hold an auction (a "Termination Event Auction") of the remaining non-Delinquent Loans and non-Defaulted Loans for settlement not later than the forty-fifth (45<sup>th</sup>) day following the date on which such Termination Event or Indenture Event of Default occurred (the "Final Settlement Date"). If either (i) a Termination Event described in clause (d), (p), (q), (r), (t) or (x) of Section 11.2 of the Mortgage Loan Purchase Agreement occurs and, as a result of the occurrence of such Termination Event, any Swap Counterparty reasonably believes, in its sole discretion, that there will be a material impairment in the value of the Mortgage Loans or (ii) after the occurrence of any Termination Event any Mortgage Loan is not deliverable into a Qualified Forward Contract, whether as a result of a default by the Qualified Counterparty or otherwise, then in either case, the Servicer shall, at the written request of such Swap Counterparty (and such request to certify in writing to the reasonable belief of such Swap Counterparty to the material impairment in the value of the Mortgage Loans), use commercially reasonable efforts to sell or securitize all non-Delinquent Loans and non-Defaulted Loans in the manner described in Section 11.2 of the Mortgage Loan Purchase Agreement. Additionally, pursuant to Section 4.1 of the Mortgage Loan Purchase Agreement in the event that any Series of Notes becomes due and payable (a "Repayment Event"), whether pursuant to the terms thereof or by the occurrence of an Indenture Event of Default that results in the acceleration of the maturities of the Notes or Optional Repurchase, maturity or otherwise, the Servicer is required to arrange for the sale or securitization of Mortgage Loans at such times and in such manner so that the proceeds of the sale or securitization, together with amounts received by the Issuer in connection with any Interest Rate Swap, are available to pay amounts due and owing on such Notes at any time (each, a "Repayment Date").

In connection with any such Termination Event Auction, Repayment Event, Principal Paydown Auction or Failure to Sell Auction, [RATED BIDDER] ("Bank"), the Servicer, the Collateral Agent and the Issuer agree as follows:

(a) With respect to the Termination Event Auction:

(i) the Bank shall participate in a Termination Event Auction and agrees to make a binding bid (the "Bid") for all Mortgage Loans which, as of the auction date, are non-Defaulted Loans or non-Delinquent Loans. The amount of the Bid shall be determined in the sole discretion of the Bank and such Bid shall remain in effect until the Final Settlement Date; and

(ii) if the Issuer accepts the Bid, the Issuer shall notify the Bank and the Collateral Agent of such acceptance and the principal balance of Mortgage Loans to be purchased by the Bank (which amount may be all or a portion of the principal balance of the Mortgage Loans) in

writing not later than two (2) Business Days prior to the Final Settlement Date. Any such purchase of Mortgage Loans by the Bank shall be settled on or prior to the Final Settlement Date.

(b) With respect to any Repayment Event, if requested by the Collateral Agent:

(i) the Bank agrees to make a Bid for the Mortgage Loans specified by the Collateral Agent which, as of the Bid date, are non-Defaulted Loans or non-Delinquent Loans. The amount of the Bid shall be determined in the sole discretion of the Bank and such Bid shall remain in effect until such Repayment Date; and

(ii) if the Issuer accepts the Bid, the Issuer shall notify the Bank and the Collateral Agent of such acceptance and the principal balance of Mortgage Loans to be purchased by the Bank (which amount may be all or a portion of the principal balance of the Mortgage Loans) in writing on or prior to such Repayment Date. Any such purchase of Mortgage Loans by the Bank shall be settled on or prior to such Repayment Date.

(c) With respect to a Principal Paydown Auction:

(i) the Bank shall participate in a Principal Paydown Auction and agrees to make a Bid for all related Mortgage Loans, which, as of the auction date, are non-Defaulted Loans or non-Delinquent Loans. The amount of the Bid shall be determined in the sole discretion of the Bank and such Bid shall remain in effect until the settlement date for such Mortgage Loans; and

(ii) if the Issuer accepts the Bid, the Issuer shall notify the Bank and the Collateral Agent of such acceptance and the principal balance of Mortgage Loans to be purchased by the Bank (which amount may be all or a portion of the principal balance of the Mortgage Loans) in writing not later than two (2) Business Days prior to the settlement date for such Mortgage Loans. Any such purchase of Mortgage Loans by the Bank shall be settled on or prior to the settlement date for such Mortgage Loans.

(d) With respect to a Failure to Sell Auction:

(i) the Bank shall participate in a Failure to Sell Auction and agrees to make a Bid for all related Mortgage Loans, which as of the Failure to Sell Date, have become subject to a Failure to Sell Auction pursuant to Section 3.5(c)(xi) of the Mortgage Loan Purchase Agreement. The amount of the Bid shall be determined in the sole discretion of the Bank and such Bid shall remain in effect until the settlement date for such Mortgage Loans; and

(ii) if the Issuer accepts the Bid, the Issuer shall notify the Bank and the Collateral Agent of such acceptance and the principal balance of such Mortgage Loans to be purchased by the Bank (which amount may be all or a portion of the principal balance of the Mortgage Loans) in writing not later than two (2) Business Days prior to the settlement date for such Mortgage Loans. Any such purchase of Mortgage Loans by the Bank shall be settled on or prior to the settlement date for such Mortgage Loans.

In consideration of the above agreement, the Issuer shall pay the Bank such fee as shall be separately agreed between the Issuer and the Bank.

This Agreement shall remain in full force and effect until all the Notes have been paid in full. This Agreement and the Bank's rights and obligations hereunder may not be assigned or otherwise transferred by the Bank, whether by operation of law or otherwise, unless (i) the Issuer, the Servicer and the Collateral Agent consent in writing to such assignment, (ii) the assignee has expressly assumed the obligations of the Bank hereunder by written instrument in form and substance satisfactory to the Issuer, the Servicer and the Collateral Agent and (iii) Rating Agency Confirmation with respect to such assignment has been received by the Issuer.

This agreement shall be governed by the internal laws of the State of New York and may be executed in counterparts.

Very truly yours,

[RATED BIDDER]

By: \_\_\_\_\_  
Name:  
Title:

Accepted and Agreed as of the date written above:

Ocala Funding, LLC

By: Taylor, Bean & Whitaker Mortgage Corp.,  
as Manager

By: \_\_\_\_\_  
Name:  
Title:

Taylor, Bean & Whitaker Mortgage Corp.,

By: \_\_\_\_\_  
Name:  
Title:

LASALLE BANK NATIONAL ASSOCIATION,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT C

FORM OF SERVICER REPORT

Ocala Funding, LLC,  
as Purchaser  
Taylor, Bean & Whitaker Mortgage Corp.,  
as Manager  
LaSalle Bank National Association,  
as Collateral Agent, as Custodian and as Indenture Trustee  
The Short Term Note Dealers  
The Swap Counterparties

Re: Second Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of June 30, 2008, by and among Ocala Funding, LLC and Taylor, Bean & Whitaker Mortgage Corp., as seller and servicer (the "Mortgage Loan Purchase Agreement"). Capitalized terms used herein shall have the meanings assigned to such terms in the Mortgage Loan Purchase Agreement.

Pursuant to Section 4.18 of the Mortgage Loan Purchase Agreement, the Servicer hereby delivers the Servicer Report attached hereto as Schedule 1 for the [ ] 20, [-] Payment Date.

Pursuant to Section 4.6(f) of the Mortgage Loan Purchase Agreement and by the delivery of this Servicer Report, the Servicer hereby requests the Collateral Agent to withdraw funds from the Collateral Account in an amount equal to the Servicing Fee pursuant to Section 6.3 of the Mortgage Loan Purchase Agreement. The Servicing Fee shall be paid in the method and manner specified in the Security Agreement.

TAYLOR, BEAN & WHITAKER  
MORTGAGE CORP.,  
as Servicer

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE 1  
SERVICER REPORT

Taylor, Bean & Whitaker Mortgage Corp.  
as Servicer for Ocala Funding, LLC

Monthly Program-Wide Accounting and Reconciling Report  
Report Date

\_\_\_\_\_, \_\_\_\_\_

**ACTUAL**

Section I – Portfolio Data	# of Loans	Principal	Interest
A. Prior Month's Ending Portfolio Balance			
B. New Loans Added	+		
C. New Loans Adjustments (Increase/Decrease Principal)			
D. Loans Repurchased	-		
E. Loans Sold	-		
F. Loans Paid in Full	-		
G. Installment Collections			
H. Curtailments			
I. Adjustments (Increase/Decrease Principal)			
J. Adjustments (Increase/Decrease Principal)			
<b>K. Ending Portfolio Balance</b>	<b>=</b>	<b>\$</b>	<b>\$</b>
<b>Section II – Remittance Data</b>			<b>Remittance</b>
A. Scheduled Principal			
B. Curtailments			+
C. Principal Remittance			= \$
D. Interest Remittance			+
E. Interest Adjustments			+
F. Adjustments			+
<b>G. Total Remittance Amount</b>			<b>\$</b>

The aggregate Outstanding Purchase Price of all Mortgage Loans owned by the Purchaser as of the date hereof is equal to \$[\_\_\_\_], of which \$[\_\_\_\_] are Series 2005-1 Mortgage Loans and \$[\_\_\_\_] are Series 2008-1 Mortgage Loans.

The leverage ratio (the ratio of (i) Total Debt to (ii) Tangible Net Worth) of the Seller: [\_\_\_\_]

The Tangible Net Worth of the Seller: [\_\_\_\_]

The Rolling Two-Quarter Profitability of the Seller: [\_\_\_\_]

Taylor, Bean & Whitaker Mortgage Corp.  
as Servicer for Ocala Funding, LLC

Monthly Series 2005-1 Program Accounting and Reconciling Report  
Report Date

\_\_\_\_\_, \_\_\_\_\_

**ACTUAL**

Section I – Portfolio Data – Series 2005-1 Program	# of Series 2005-1 Mortgage Loans	Principal	Interest
A. Prior Month's Ending Portfolio Balance			
B. New Loans Added	+		
C. New Loans Adjustments (Increase/Decrease Principal)			
D. Loans Repurchased	-		
E. Loans Sold	-		
F. Loans Paid in Full	-		
G. Installment Collections			
H. Curtailments			
I. Adjustments (Increase/Decrease Principal)			
J. Adjustments (Increase/Decrease Principal)			
<b>K. Ending Portfolio Balance</b>	<b>=</b>	<b>\$</b>	<b>\$</b>
<b>Section II – Remittance Data</b>			<b>Remittance</b>
A. Scheduled Principal			
B. Curtailments			+
C. Principal Remittance			= \$
D. Interest Remittance			+
E. Interest Adjustments			+
F. Adjustments			+
<b>G. Total Remittance Amount</b>			<b>\$</b>

The aggregate Outstanding Purchase Price of all Series 2005-1 Mortgage Loans owned by the Purchaser as of the date hereof is equal to \$[\_\_\_\_\_].

Taylor, Bean & Whitaker Mortgage Corp.  
as Servicer for Ocala Funding, LLC

Monthly Series 2008-1 Program Accounting and Reconciling Report  
Report Date

\_\_\_\_\_, \_\_\_\_\_

**ACTUAL**

Section I – Portfolio Data – Series 2008-1 Program	# of Series 2008-1 Mortgage Loans	Principal	Interest
A. Prior Month's Ending Portfolio Balance			
B. New Loans Added	+		
C. New Loans Adjustments (Increase/Decrease Principal)			
D. Loans Repurchased	-		
E. Loans Sold	-		
F. Loans Paid in Full	-		
G. Installment Collections			
H. Curtailments			
I. Adjustments (Increase/Decrease Principal)			
J. Adjustments (Increase/Decrease Principal)			
<b>K. Ending Portfolio Balance</b>	<b>=</b>	<b>\$</b>	<b>\$</b>
Section II – Remittance Data			<u>Remittance</u>
A. Scheduled Principal			
B. Curtailments			+
C. Principal Remittance			= \$
D. Interest Remittance			+
E. Interest Adjustments			+
F. Adjustments			+
<b>G. Total Remittance Amount</b>			<b>\$</b>

The aggregate Outstanding Purchase Price of all Series 2008-1 Mortgage Loans owned by the Purchaser as of the date hereof is equal to \$[\_\_\_\_\_].



EXHIBIT D

FORM OF SERVICER ADVANCE REPORT

LaSalle Bank National Association  
135 S. LaSalle Street, Suite 1511  
Mail Code: IL4-135-15-11  
Chicago, Illinois 60603  
Attention: Global Trust Services Group--Ocala Funding LLC  
Telephone No.: (312) 992-0079  
Telecopy No.: (312) 904-1386  
E-mail Address: m.smith@lasallegts

Re: Second Amended and Restated Mortgage Loan Purchase and Servicing Agreement, dated as of June 30, 2008, by and among Ocala Funding, LLC and Taylor, Bean & Whitaker Mortgage Corp., as seller and servicer (the "Mortgage Loan Purchase Agreement"). Capitalized terms used herein shall have the meanings assigned to such terms in the Mortgage Loan Purchase Agreement.

Pursuant to Section 4.22 of the Mortgage Loan Purchase Agreement, the Servicer hereby delivers the Servicer Advance Report. Attached Schedule 1 details the Servicer Advances made by the Servicer pursuant to Section 4.9 of the Mortgage Loan Purchase Agreement. Attached Schedule 2 details the Servicer Monthly Advances made pursuant to Section 5.1 of the Mortgage Loan Purchase Agreement.

Pursuant to Section 4.6(e) of the Mortgage Loan Purchase Agreement and by the delivery of this Servicer Advance Report, the Servicer hereby requests the Collateral Agent to withdraw funds from the Collection Account to reimburse the Servicer for Servicer Monthly Advances made pursuant to Section 5.1 of the Mortgage Purchase Agreement and for each Servicing Advance made pursuant to Section 4.9 of the Mortgage Loan Purchase Agreement.

TAYLOR, BEAN & WHITAKER  
MORTGAGE CORP.,  
as Servicer

By: \_\_\_\_\_  
Name:  
Title:

cc: The Swap Counterparties

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**SCHEDULE 1**  
(Servicing Advances)

**SCHEDULE 2**  
(Servicer Monthly Advances)

## FORM OF DAILY REPORT – SERIES 2005-1 PROGRAM

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EXHIBIT F

[RESERVED]

EXHIBIT G

FORM OF REPURCHASE REPORT

Taylor, Bean & Whitaker Mortgage Corp.  
as Servicer for Ocala Funding, LLC

Monthly Repurchase Report – Series 2005-1 Program  
Report Date

\_\_\_\_\_, \_\_\_\_\_

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<u>Portfolio Data</u>	<u># of Loans</u>	<u>Principal</u>	<u>Interest</u>
A. Prior Month's Ending Series 2005-1 Portfolio Balance			
B. Ineligible Series 2005-1 Mortgage Loans subject to Repurchase			
C. Ineligible Series 2005-1 Mortgage Loans Repurchased			

The average aggregate Outstanding Purchase Price of all Series 2005-1 Mortgage Loans owned by the Purchaser as of the prior month: \$[\_\_\_\_\_].

Section 11.2(v) Trigger: [Yes/No]

Section 11.2(x) Trigger: [Yes/No]

Taylor, Bean & Whitaker Mortgage Corp.  
as Servicer for Ocala Funding, LLC

Monthly Repurchase Report – Series 2008-1 Program  
Report Date  
\_\_\_\_\_, \_\_\_\_\_

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Portfolio Data	# of Loans	Principal	Interest
A. Prior Month's Ending Series 2008-1 Portfolio Balance			
B. Ineligible Series 2008-1 Mortgage Loans subject to Repurchase			
C. Ineligible Series 2008-1 Mortgage Loans Repurchased			

The average aggregate Outstanding Purchase Price of all Series 2008-1 Mortgage Loans owned by the Purchaser as of the prior month: \$[\_\_\_\_\_].

Section 11.2(v) Trigger: [Yes/No]

Section 11.2(x) Trigger: [Yes/No]



# EXHIBIT H

## FORM OF MONTHLY FACILITY CONTENT REPORT

### Securitization Warehouse Management

Ocala Funding, LLC

Reports | Actions | Imports | Exports | Conversions

#### Monthly Facility Content Report – Program-wide – Ocala Funding – [Date]

Warehouse: Ocala Funding

Dates: Specific Date – [Date]

...

Run Report

	Dollar Figure	Percentage of Program Size
Program Size (\$)	\$[ ]	
Aggregate Outstanding Purchase Price of Mortgaged Loans (\$)	\$[ ]	[ ]%
Aggregate Outstanding Face Amount of Secured Liquidity Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Term Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Subordinated Notes (\$ and % of Program Size)	\$[ ]	[ ]%
Reserve Fund Balance – includes margin balance (\$ and % of Program Size)	\$[ ]	[ ]%

		Portfolio Composition	Program Limitations
Loan Size	Average Balance (\$)	\$[ ]	
	Maximum Balance (\$)	\$[ ]	
	Minimum Balance (\$)	\$[ ]	
	Weighted Average WAC %	[ ]%	
Loan Coupon	Maximum WAC %	[ ]%	
	Minimum WAC %	[ ]%	
Loan Types	Jumbo or Alt-A Loans %	[ ]%	0%
	FHA/VA Loans %	[ ]%	30%
	Aggregate Outstanding Purchase Price of wet loans	\$[ ]	0%
	State 1%	[ ]%	
Geographical Distribution (Top Five States)	State 2%	[ ]%	
	State 3%	[ ]%	
	State 4%	[ ]%	
	State 5%	[ ]%	
	<= 80%	[ ]%	
	80.01% to 90%	[ ]%	

Loan to Value Distribution	90.01% to 95%	<input type="checkbox"/> %	85% (excluding loans issued or guaranteed by the FHA or VA)
	> 95%	5%	
FICO Score Distribution	Weighted Average LTV	<input type="checkbox"/> %	700 (excluding loans issued or guaranteed by the FHA or VA)
	Weighted Average FICO	<input type="checkbox"/> %	
	< = 640	<input type="checkbox"/> %	
	< = 620	<input type="checkbox"/> %	
	621 to 675	<input type="checkbox"/> %	
	> = 675	<input type="checkbox"/> %	
Seasoning	Loans originated between 30-60 days	<input type="checkbox"/> %	10%
	Loans originated greater than 60 days	<input type="checkbox"/> %	0%
Aging Status (from Date Funded in O.S.)	>61	<input type="checkbox"/> %	0%
Delinquency Triggers	The Ratio of the OPP of all 30+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %	<0.25%
	The ratio of the OPP of all 60+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %	<0.00%

# Securitization Warehouse Management

Ocala Funding, LLC

Reports | Actions | Imports | Exports | Conversions

## Monthly Facility Content Report – Series 2005-1 Program – Ocala Funding – [Date]

Warehouse: Ocala Funding

Dates: Specific Date – [Date]

...

Run Report

	Dollar Figure	Percentage of Program Size
Series 2005-1 Program Size (\$)	\$[ ]	
Aggregate Outstanding Purchase Price of Series 2005-1 Mortgaged Loans (\$)	\$[ ]	[ ]%
Aggregate Outstanding Face Amount of Series 2005-1 Short Term Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Series 2005-1 Term Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Subordinated Notes (\$ and % of Program Size)	\$[ ]	[ ]%
Reserve Fund Balance – includes margin balance (\$ and % of Program Size)	\$[ ]	[ ]%

		Portfolio Composition	Program Limitations
Loan Size	Average Balance (\$)	\$[ ]	
	Maximum Balance (\$)	\$[ ]	
	Minimum Balance (\$)	\$[ ]	
	Weighted Average WAC %	[ ]%	
Loan Coupon	Maximum WAC %	[ ]%	
	Minimum WAC %	[ ]%	
	Jumbo or Alt-A Loans %	[ ]%	0%
Loan Types	FHA/VA Loans %	[ ]%	30%
	Aggregate Outstanding Purchase Price of wet loans	\$[ ]	0%
	State 1%	[ ]%	
	State 2%	[ ]%	
Geographical Distribution (Top Five States)	State 3%	[ ]%	Any single state - less than 20%
	State 4%	[ ]%	
	State 5%	[ ]%	
	<= 80%	[ ]%	
Loan to Value Distribution	80.01% to 90%	[ ]%	
	90.01% to 95%	[ ]%	
	> 95%	5%	
	Weighted Average LTV	[ ]%	85% (excluding loans issued or guaranteed by

			the FHA or VA)
FICO Score Distribution	Weighted Average FICO	<input type="checkbox"/> %	700 (excluding loans issued or guaranteed by the FHA or VA)
	<= 640	<input type="checkbox"/> %	25%
	<= 620	<input type="checkbox"/> %	5%
	621 to 675	<input type="checkbox"/> %	
	>= 675	<input type="checkbox"/> %	
Seasoning	Loans originated between 30-60 days	<input type="checkbox"/> %	10%
	Loans originated greater than 60 days	<input type="checkbox"/> %	0%
Aging Status (from Date Funded in O.S.)	>61	<input type="checkbox"/> %	0%
Delinquency Triggers	The Ratio of the OPP of all 30+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %	<0.25%
	The ratio of the OPP of all 60+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %	<0.00%

# Securitization Warehouse Management

Ocala Funding, LLC

Reports | Actions | Imports | Exports | Conversions

## Monthly Facility Content Report – Series 2008-1 Program – Ocala Funding – [Date]

Warehouse: Ocala Funding

Dates: Specific Date – [Date]



Run Report

	Dollar Figure	Percentage of Program Size
Series 2008-1 Program Size (\$)	\$[ ]	
Aggregate Outstanding Purchase Price of Series 2008-1 Mortgaged Loans (\$)	\$[ ]	[ ]%
Aggregate Outstanding Face Amount of Series 2008-1 Short Term Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Series 2008-1 Term Notes (\$)	\$[ ]	[ ]%
Aggregate Outstanding Principal Amount of Subordinated Notes (\$ and % of Program Size)	\$[ ]	[ ]%
Reserve Fund Balance – includes margin balance (\$ and % of Program Size)	\$[ ]	[ ]%

		Portfolio Composition	Program Limitations
Loan Size	Average Balance (\$)	\$[ ]	
	Maximum Balance (\$)	\$[ ]	
	Minimum Balance (\$)	\$[ ]	
	Weighted Average WAC %	[ ]%	
Loan Coupon	Maximum WAC %	[ ]%	
	Minimum WAC %	[ ]%	
Loan Types	Jumbo or Alt-A Loans %	[ ]%	0%
	FHA/VA Loans %	[ ]%	30%
	Aggregate Outstanding Purchase Price of wet loans	\$[ ]	0%
	State 1%	[ ]%	
Geographical Distribution (Top Five States)	State 2%	[ ]%	
	State 3%	[ ]%	Any single state - less than 20%
	State 4%	[ ]%	
	State 5%	[ ]%	
Loan to Value Distribution	<= 80%	[ ]%	
	80.01% to 90%	[ ]%	
	90.01% to 95%	[ ]%	
	> 95%	5%	
	Weighted Average LTV	[ ]%	85% (excluding loans issued or guaranteed by

				the FHA or VA)
FICO Score Distribution	Weighted Average FICO	<input type="checkbox"/> %		700 (excluding loans issued or guaranteed by the FHA or VA)
	<= 640	<input type="checkbox"/> %		25%
	<= 620	<input type="checkbox"/> %		5%
	621 to 675	<input type="checkbox"/> %		
	>= 675	<input type="checkbox"/> %		
Seasoning	Loans originated between 30-60 days	<input type="checkbox"/> %		10%
	Loans originated greater than 60 days	<input type="checkbox"/> %		0%
Aging Status (from Date Funded in O.S.)	>61	<input type="checkbox"/> %		0%
Delinquency Triggers	The Ratio of the OPP of all 30+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %		<0.25%
	The ratio of the OPP of all 60+ days delinquent loans to the OPP of all mortgage loans	<input type="checkbox"/> %		<0.00%