

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of

The Rehabilitation of
FINANCIAL GUARANTY INSURANCE
COMPANY.

X

Index No. 401265/2012

I.A.S. Part 36

Justice Doris Ling-Cohan

Motion Sequence 004

X

**OBJECTION OF U.S. BANK NATIONAL ASSOCIATION AND U.S. BANK TRUST
NATIONAL ASSOCIATION, EACH IN ITS CAPACITY AS TRUSTEE,
TO THE PLAN OF REHABILITATION DATED SEPTEMBER 27, 2012**

U.S. Bank National Association and U.S. Bank Trust National Association, each in its capacity as trustee or similar role (collectively, “U.S. Bank”) for certain residential mortgage backed securities (“RMBS”), municipal debt securities and any other affected transactions (collectively, the “Trusts”) file this objection (“Objection”) to the proposed Plan of Rehabilitation for FGIC, dated September 27, 2012 (“Plan”). Except as otherwise defined in this Objection, all capitalized terms shall have the meanings ascribed to such terms in the Plan.

I. INTRODUCTION

U.S. Bank serves as trustee on behalf of holders of securities (“Securityholders”) in connection with certain RMBS, municipal and other transactions insured by Financial Guaranty Insurance Company (“FGIC”). U.S. Bank and the Securityholders it represents are the beneficiaries of insurance policies issued by FGIC to secure payment obligations to the Securityholders under each of the Trusts. In accordance with the policies, FGIC is obligated to insure against payment defaults or other deficiencies under the relevant transaction documents.

On November 24, 2009, the Superintendent of Financial Services of the State of New York (“Superintendent”) issued an order under Section 1310 of the New York Insurance Laws (“NYIL”) (as supplemented on March 25, 2010, the “1310 Order”), pursuant to which

FGIC ceased paying claims under the policies. As a result, defaults exist and are continuing under the governing documents for the Trusts. (Memorandum of Law in Support of Verified Petition of the Superintendent of Financial Services of the State of New York, filed on June 11, 2012 (“Memorandum in Supp. of Petn.”), at 3, 6.)

Despite the protections afforded by the 1310 Order, and the cessation of payments on policy claims, FGIC has been unable to remove its capital impairment and remains insolvent. (Memorandum in Supp. of Petn. at 3, 6.) As a result, on June 11, 2012, the Superintendent petitioned this Court to place FGIC into rehabilitation and to obtain certain injunctive relief with respect to FGIC and its wholly-owned subsidiary, FGIC Credit Products, LLC (“Proposed Rehabilitation Order”). The Proposed Rehabilitation Order, as modified in response to objections raised by U.S. Bank and other trustees, was issued by this Court on June 28, 2012 (“Rehabilitation Order”).

As outlined below, U.S. Bank has substantial outstanding claims against FGIC on account of existing defaults and deficiencies under the policies and transaction documents governing the Trusts. U.S. Bank also anticipates additional future claims against FGIC over the life of the Trusts.

II. PROCEDURAL POSTURE

On September 27, 2012, the Superintendent, in his capacity as Rehabilitator, filed the Plan together with a Disclosure Statement, Plan Supplement and a Proposed Plan Approval Order. A hearing on confirmation of the Plan is currently scheduled for December 18, 2012.

Following issuance of the Order to Show Cause, U.S. Bank and certain other financial institutions serving as trustees for RMBS, municipal bond trusts and other transactions insured by FGIC formed an informal working group (“Trustee Group”) to provide comments to the Rehabilitator regarding this proceeding and any proposed plan of rehabilitation. As a result of

the dialogue between the Trustee Group and the Superintendent, certain modifications were made to the injunctive relief provided under the Rehabilitation Order, including, among other things, inclusion of a provision permitting the trustees to petition this Court in the event any trustee received conflicting trust administration instructions from its Securityholders and the Rehabilitator.

Discussions among the Trustee Group and the Rehabilitator continued after issuance of the Rehabilitation Order. A draft of the Plan was provided to the Trustee Group on August 30, 2012. The Trustee Group subsequently commented on the draft Plan and engaged in discussions with the Rehabilitator during which the Trustee Group raised serious concerns regarding the enforceability, feasibility and overall fairness of the draft Plan. Certain of the Trustee Group's comments to the draft Plan have been incorporated into the version filed with this Court. Many of the more serious concerns, however, have not been addressed.

III. PRELIMINARY STATEMENT

At the outset, the Court should note that the Rehabilitator does not presently anticipate that FGIC will operate as a going concern or write new policies. The Plan simply seeks to administer the rights and claims of policyholders arising from or relating to FGIC's defaulted policies. Investment grade policies (policies not in default) will be novated and sold under the Plan.¹ Against this backdrop, the Court must determine whether FGIC's Plan should be approved as proposed. It should not.

¹ In connection with the Plan, the Rehabilitator is seeking approval of a Novation Agreement between FGIC and National Public Finance Guarantee Corporation, pursuant to which FGIC policies that were previously reinsured by National Public, but for which FGIC remained primarily liable, would now be novated to National Public. Disclosure Statement § V(C)(1). The affected policies consist solely of policies insuring municipal bonds characterized by MBIA (National Public's parent company) as "investment grade credits, primarily in the general obligation, water and sewer, tax-backed and transportation sectors." Affidavit of Irina Palchuk ("Palchuk Aff."), Exhibit A (Exhibit 99.1 to Current Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed by MBIA, Inc. on August 27, 2008).

Under the Plan, as currently drafted, FGIC seeks to abrogate policyholders' statutory and common law rights of setoff, while at the same time, maintaining and even expanding those rights for itself. In many instances, the Plan also seeks to impose upon U.S. Bank and the other trustees new duties which are impossible, impracticable, or overly burdensome and without business justification.

Below is a summary of the more significant problems with the Plan:

- Sections 3.5 and 7.8(c) of the Plan prohibit policyholders from exercising setoff rights, both prospectively and retroactively, while Section 4.9 permits FGIC not only to retain its setoff rights, but to expand such rights by offsetting against the smaller amounts FGIC proposes to pay under the Plan rather than against the full amount of the claim. These Sections must be modified to recognize policyholders' common law and statutory rights of setoff on a parity basis.
- Sections 3.5 and 7.8(e) would permit FGIC to immediately regain Control Rights (as defined below) under any trust for which a claim has been submitted regardless of whether FGIC has paid such claim. These Sections should be deleted or, at a minimum, modified to ensure that FGIC is permitted to exercise Control Rights solely in proportion to the actual cash payments it makes to policyholders.
- Section 4.7 punitively delays payment of an entire claim for so long as any portion of the claim remains in dispute. This Section should be modified to provide that the undisputed portions of a claim be paid timely and any disputed portion be segregated and resolved separately. There is no business justification for withholding payments to policyholders on account of undisputed claims.

- As noted above, certain of the Plan provisions as currently drafted would be unnecessarily burdensome and, in some instances, impossible to implement. Moreover, the additional costs of implementation would not be borne by FGIC, but rather by the trustees, Securityholders, and issuers under individual trusts. Section 7.5(b) of the Plan should be revised to provide that, in addition to the indemnification provided thereunder, FGIC will compensate and reimburse trustees for all actions taken as a result of the Rehabilitation, including the Plan and the Restructured Policy Terms, as an administrative expense, regardless of the sufficiency of funds available under any individual trust.
- Provisions relating to retention of exclusive jurisdiction under Section 8.1 of the Plan are overbroad. Section 8.1 should be modified to provide that, while this Court will retain jurisdiction over implementation of the Plan, such jurisdiction will not be exclusive. Read literally, any actions relating to the administration and resolution of conflicts arising under individual trusts must be brought in this Court.
- That portion of Section 7.5(b) permitting FGIC to assume U.S. Bank's defense and deeming FGIC's indemnity adequate for all purposes, should be stricken. The Plan cannot and should not fundamentally alter the bargained-for, contractual indemnification rights of trustees under the transaction documents governing individual trusts.

IV. ARGUMENT

A plan of rehabilitation must be fair and equitable to policyholders (and other creditors) and provide at least what policyholders would have received in a liquidation of the insurer. *See Carpenter v. Pac. Mut. Life Ins. Co. of Cal.*, 10 Cal. App. 2d 307, 321 (1937) *aff'd sub nom. Neblett v. Carpenter*, 305 U.S. 297 (1938). While the Rehabilitator has broad discretion under

the NYIL to propose a plan, the plan must recognize the legal and contractual rights of policyholders. *See New York Tit. & Mtge. Co. v. Irving Trust Co.*, 241 A.D. 246 (N.Y. App. Div. 1934) (an injunction which assumed to deprive the claimant of the right of set-off would be invalid since it would exceed the powers conferred upon the court by the statute). Instead of proposing a fair plan for payment of its obligations to policyholders, the Rehabilitator seeks to, among other things, use its “rehabilitation” plan to abrogate the legal rights of policyholders, who are the victims of FGIC’s financial demise. As such, and for the reasons stated below, U.S. Bank requests that the Court deny approval of the Plan as arbitrary, capricious and an abuse of the discretion. *See Callon Petroleum Co. v. Superintendent of Ins. of State*, 53 A.D.3d 845 (3d Dep’t 2008).

A. The Plan Unlawfully Prohibits Securityholders from Exercising Setoff Rights, while at the Same Time, Subjecting Securityholders to FGIC’s Exercise of Such Rights.

1. The Right of Setoff is Guaranteed Under Article 74.

The right of setoff – long recognized under the laws of every State – reflects the general consensus among courts and legislatures that it would be absurd to make “A pay B when B owes A.” *Studley v. Boylston Nat’l Bank of Boston*, 229 U.S. 523, 528 (1913). In the United States, this right is derived from statute and common law, as well as contract. Schwab et al., *Onset of an Offset Revolution: The Application of Set-Offs in Insurance Insolvencies*, 95 Dickenson L. Rev. 449, 453 (1991). Statutory setoff rights in the United States date back centuries and have been recognized and preserved under each of the nation’s five bankruptcy acts. *See* 5-553 Collier on Bankruptcy P 553.LH (16th ed.); *see also Studley*, 229 U.S. at 528 (noting that “[w]hat the old books called a right of stoppage . . . is a right given or recognized by the commercial law of each of the States and is protected by the Bankruptcy Act.”).

Setoff is similarly recognized in insolvency proceedings involving New York domiciled insurers. Article 74 of the NYIL expressly confers the right of setoff upon insurers and other persons involved in insurance rehabilitation and liquidation proceedings thereunder. *See New York Tit. & Mtge. Co. v. Irving Trust Co.*, 241 A.D. 246 (N.Y. App. Div. 1934) (finding that “the right of set-off expressly conferred by section 420 [now § 7427]” applies to rehabilitations as well as liquidations under Article 74.) Section 7427 of the NYIL provides, in pertinent part, that:

[i]n all cases of mutual debts or mutual credits between the insurer and another person in connection with any action or proceeding under this article, such credits and debts shall be set off and the balance only shall be allowed or paid

NYIL § 7427(a).

In the Matter of Midland Insurance Company involved a dispute over application of the “right of offset under [Section 7427].” 590 N.E.2d 1186, 1189 (N.Y. 1992). According to the *Midland* Court, “[t]he general rule, recognized by courts and commentators alike, holds that mutual debts and credits between parties may be set off . . . even in cases involving insolvent insurance companies.” 590 N.E.2d at 1190 n.2.

In *Irving*, the Court recognized that the setoff rights granted under Section 7427 would necessarily curtail the injunctive relief available to the Rehabilitator under Section 7419. *Irving*, 241 A.D. at 249. Specifically, the Court found that:

The right to injunction in this [rehabilitation] proceeding is conferred by the provisions of section 410 [now § 7419] and such right is necessarily limited by the provisions of section 420 [now § 7427]. Accordingly, an injunction which assumed to deprive the claimant of the right of set-off granted under section 420 would be invalid since it would exceed the powers conferred upon the court by the statute.

Id. This comports with the general rule that, “when a supervising court’s jurisdiction over insolvency proceedings is derived from statute, the court has no power to dispense with the plain

requirements of the statute.” Schwab, 95 Dickenson L. Rev. at 476 (citing *First Fed. Sav. & Loan Ass’n v. Walker*, 437 N.E.2d 644, 648 (1982)).

2. The Plan Fundamentally Alters Statutory and Common Law Setoff Rights to the Detriment of Policyholders and for the Benefit of FGIC.

At a basic level, and as recognized under Section 7427, setoff is the right between two parties to net their respective debts when each owes the other an obligation. *See* NYIL § 7427. Thus, in a case where FGIC owed a policyholder \$200 and the policyholder owed FGIC \$100, application of setoff results in a net obligation of \$100, payable by FGIC to the policyholder. Importantly, the right of setoff is not eliminated under the Plan. Instead, the Rehabilitator seeks to alter it fundamentally in two primary respects.

First, the Plan would eliminate all policyholder rights of setoff while permitting FGIC to offset against policy claims. *Cf.* Plan §§ 4.9 and 7.8(c). Section 4.9 would reinstate FGIC’s setoff rights even for trusts where FGIC contractually waived such rights under the applicable transaction documents. Thus, if FGIC owed a policyholder \$200 and the policyholder owed FGIC \$100, FGIC would still be permitted to reduce its obligation to the policyholder by \$100. The reverse would not be true, however. Even more importantly, Section 3.5 of the Plan (waiver of past defaults and events of default) makes the prohibition on a policyholder setoff retroactive to November 24, 2009 – the date of the 1310 Order.²

Second, the Plan does not simply preserve or reinstate FGIC’s setoff rights under the transaction documents, it actually expands such rights by adjusting the amount of the debts to be offset – in effect granting FGIC “super” setoff rights. As noted above, the basic right of setoff under Section 7427 provides for netting such mutual debts and credits as exist between the

² It is unclear how FGIC will retroactively unwind transactions where setoff rights already have been exercised.

insurer and the other party.³ Thus, so long as the respective obligations under the prior example are due to and from FGIC, as insurer, and the policyholder, as insured, respectively, the full amount of each obligation must be used in calculating the amount of the setoff.

Under the Plan, however, FGIC would be permitted to offset against “any Permitted Claim *or any distribution* to be made under the Plan on account of such Permitted Claim.” Plan § 4.9 (emphasis added). The illustration supplied in the Addendum to the Rehabilitator’s Memorandum of Law in Support of the Plan of Rehabilitation (“Plan Support Memorandum”) clarifies that the Rehabilitator intends to offset, not against the Permitted Claim (i.e. the entire amount of FGIC’s obligation to the policyholder), but against cash distributions on account of the Permitted Claim (i.e. the Permitted Claim multiplied by the CPP then in effect). (*See Add. to Plan Support Memorandum at 2.*)

The doctrine of setoff is not merely a procedural device aimed at promoting transactional efficiencies, it is a “substantive right designed to avoid the injustice of requiring an insolvent entity’s debtor to pay the full amount of his obligation in order to receive only a portion of the amount owed him.” Schwab, 95 Dickenson L. Rev. at 454. In support of its proposed derogation of this substantive legal right, the Rehabilitator argues that

“modify[ing] policyholders’ payment obligations . . . and allowing FGIC to setoff against cash distributed to policyholders any payments owed to it under the Plan that have not been paid by such policyholders, is the fairest and most equitable approach to avoid allowing certain policyholders to benefit disproportionately at the expense of other FGIC policyholders.”

³ Under New York law, debts and credits are mutual when they are “due to and from the same person in the same capacity.” *Beecher v Vogt Mfg. Co.*, 227 N.Y. 468, 473 (1920), *In re People (Consolidated Indem. & Ins. Co.)*, 287 N.Y. 34, 38 (1941). Further, pursuant to *Midland*, there is no requirement that the debts arise out of the same transaction. *Midland*, 590 N.E.2d at 1191.

The Rehabilitator's justification runs counter to the long-standing principle, recognized in *Irving*, that, although application of setoff principles may benefit one creditor or class of creditors over another

“[i]t has long been the law that ‘the equity of equality among creditors is either found inapplicable to such set-offs or yields to their superior equity.’”

Irving, 241 A.D. at 248 (citing *Scott v. Armstrong*, 146 U.S. 499 (1892)); see also *Midland*, 590 N.E.2d at 1191 (“Although permitting offsets may conflict with the statutory purpose of providing for the pro rata distribution of the insolvent’s estate to creditors, the Legislature has resolved the competing concerns and recognized offsets as a species of lawful preference.”); Schwab, 95 Dickenson L. Rev. at 454 (“For nearly two thousand years . . . courts and legislatures have resolved the tension between these competing public policies [prohibition on preferences and pro rata distribution of estate assets versus setoff rights] in favor of set-offs.”). According to the Court in *Irving*, “[t]here is nothing in the nature of a rehabilitation which should upset this well-established principle.” 241 A.D. at 248.

For the foregoing reasons, this Court should deny approval of the Plan unless the Rehabilitator modifies the language to recognize policyholders’ right of setoff on a parity basis.

B. The Plan Improperly Reinstates FGIC’s “Control Rights” under the Governing Documents Notwithstanding Its Failure to Perform under the Policies.

Under the terms of the Plan, FGIC would not fully perform its obligations in respect of the policies for decades, if ever, and yet it proposes to retain or regain all direction and control rights – including, among others, the right to consent to any amendments, modifications or waivers of the terms of the transactions or actions under the transaction documents, the right to declare or waive events of default, termination events, rapid amortization events or similar rights,

and the right to direct the exercise of remedies following an event of default (collectively, the “Control Rights”).

The governing documents vest certain Control Rights in FGIC, as insurer, for so long as it is not in default under the terms of the policies. *See e.g.* Palchuk Aff., Exhibit B (Bear Stearns Asset Backed Securities I Trust 2005-AC9 (“BSABS Trust”)) §§ 6.12(f), (g). However, in the event FGIC fails to pay a claim under the policies, or otherwise defaults, all or a portion of such Control Rights revert to the Securityholders. *Id.* Under Section 3.5 of the Plan, the Rehabilitator proposes to eliminate all defaults and events of default existing under the policies or any transaction document on account of the Rehabilitation or Rehabilitation Circumstances, including defaults in the payment of claims. And, under Section 7.8(e) of the Plan, the Rehabilitator would enjoin Securityholders and the trustees from exercising or acting inconsistent with FGIC’s exercise of Control Rights that FGIC would have but for the Rehabilitation or the Rehabilitation Circumstances. The net effect of these provisions is that, under the Plan as proposed, FGIC will immediately re-acquire or continue to retain Control Rights under any trust, notwithstanding its failure to pay claims under the policies.

Control Rights are fundamental to administration of a trust and inextricably tied to those parties who will benefit from exercising default remedies. This is precisely why the policies provide that, if FGIC pays the insured claim, it would be entitled to direct the trustee’s exercise of remedies. It only makes sense that Securityholders would not be allowed to exercise Control Rights when the real beneficiary of any such action would be FGIC. The corollary also is true. If FGIC does not pay the policy claim, it should not be entitled to direct the trustee as to any exercise of remedies, which would be for primary benefit of Securityholders.

There is no business justification to allow FGIC to exercise Control Rights when it has defaulted on its obligations to a trust and will not be the beneficiary of actions taken by the trustee. At best, FGIC should be permitted to exercise Control Rights under the governing documents only to the extent of its actual financial stake in the related trust. Any plan that provides for FGIC to acquire Control Rights in excess of its actual financial contributions is not only fundamentally unfair, it exposes the trusts (and the trustees) to unnecessary litigation by Securityholders who have been disproportionately stripped of their ability to exercise Control Rights against third parties.

C. Payments to Policyholders Would Be Inappropriately Delayed Under the Plan.

Under the terms of the policies, FGIC is required to pay all claims submitted in proper form within a specified, and typically very short, timeframe. For example, under one such policy, FGIC is required to pay properly submitted claims on the later of (a) the second business day following notice from the trustee of the claim amount and (b) the date such amount is payable to Securityholders under the governing documents. *See* Palchuk Aff., Exhibit C (BSABS Trust, Asset-Backed Certificates, Series 2005-AC9, Class A-5 Certificates, Surety Bond), at 2. In the event FGIC finds that a claim has not been properly submitted, it is required to promptly notify the trustee so that the trustee may submit an amended claim. *Id.* at 3.

The Plan unfairly alters this process. Under the terms of the Plan as proposed, FGIC has sixty or more days to review a claim before alerting trustees and other claimants of any improper or otherwise objectionable claim submission. In the event FGIC deems a claim objectionable, in whole or in part, the entire claim then becomes subject to a lengthy dispute resolution process. *See* Plan §§ 4.2(B), 4.3(B), 4.6 and 4.7(A), (D)-(F), Exhibit A, Definitions: "Permitted." Thus, even in a case where FGIC objected only to a small portion of a submitted claim, no payment

would be made on account of the remaining claim until such time as the disputed portion was resolved. This is nonsensical; and particularly troubling in light of the fact that the Plan does not provide for the payment of interest on claims from and after the Commencement Date. See Plan § 4.10. While U.S. Bank appreciates that claims review will likely require additional time under the new structure imposed by the Plan, it is clearly not necessary or fair to delay payment of an entire claim where only a portion has been found objectionable.

D. The Plan Impermissibly Shifts the Administrative Burdens and Risks Associated with Its Implementation from FGIC to the Trustees and Issuers.

1. The Plan Imposes Significant Additional Obligations and Expenses on the Trustees Without Compensation or Reimbursement.

It is well-established under New York common law that the duties of an indenture trustee are strictly defined and limited to the terms of the indenture. *Elliot Assocs. v. J. Henry Schroeder Bank and Trust Co.*, 838 F.2d 66 (2d Cir. 1988). Accordingly, the Second Circuit has consistently rejected the imposition of additional duties on the trustee. See *Meckel v. Continental Resources Co.*, 758 F.2d 811, 816 (2d Cir. 1985), *In Re W.T. Grant Co.*, 699 F.2d 599, 612 (2d Cir.) and *Browning Debenture Holders' Comm. v. DASA Corp.*, 560 F.2d 1078, 1083 (2d Cir. 1977). Nonetheless, several aspects of the Rehabilitator's Plan alter the governing documents in ways that would materially expand U.S. Bank's duties thereunder, pose operational challenges and risks, and require U.S. Bank to expend considerable additional time and expense to implement – to the extent implementation is even feasible.

For example, under Section 1.4 of the Restructured Policy Terms, the Rehabilitator seeks to reinstate retroactively rights to payments under individual trusts that FGIC lost when it failed to pay claims from and after the date of the 1310 Order. Section 1.4 provides that, within five days after the Effective Date, all FGIC Payment Payors would be required to remit any FGIC Payments that would have been payable by such parties had the Plan, and specifically

Section 3.5 thereof (waiver of past defaults and events of default), been in effect at all times from and after issuance of the 1310 Order. The treatment of FGIC's right to reimbursement for prior claims payments illustrates the potential difficulties presented by this provision. When FGIC stopped paying claims, its rights to reimbursement became subject to offset. Accordingly, certain FGIC Payments referred to in Section 1.4 were, in all likelihood, distributed to other parties in recognition of FGIC's payment defaults.

U.S. Bank does not object to provisions under Section 1.4 of the Restructured Policy Terms that would permit FGIC to exercise its standard common law and statutory rights of setoff consistent with the transaction documents, *as long as* such rights are available to all parties. However, nothing in this Plan or the associated Restructured Policy Terms should be interpreted as giving FGIC rights to recover previously distributed cash. And the Rehabilitator should clarify under what circumstances, if any, it believes FGIC would have such rights and the procedures for doing so. In any case, it would be untenable for FGIC to make demand on the trustees for previously distributed cash payments.

In addition, it remains unclear whether the payment mechanics set forth under the Plan are feasible – or even possible.⁴ Payments under the Trusts are distributed to Securityholders through The Depository Trust Company (“DTC”). U.S. Bank has previously advised the Rehabilitator that certain aspects of the payment structure required under the Plan do not likely

⁴ Under the Plan, once a claim is deemed permitted, FGIC will make an initial cash distribution to the trustee for the benefit of Securityholders, which distribution shall consist of the Permitted Claim Amount multiplied by the then applicable CPP. Restructured Policy Terms § 1.1(B). Accordingly, each time a claim submitted by a trustee is deemed permitted, the trustee would receive a partial payment of amounts owed to Securityholders under the governing documents, which payments will consist of unspecified amounts of principal, interest or some combination thereof. *See* Plan § 4.7(E). The Plan also provides that, in the event the annual CPP revaluation results in a determination that the CPP should be increased, additional payments may be made to a trustee on account of a Permitted Claim. *See e.g.* Restructured Policy Terms § 1.3(B), 1.5(C).

conform to DTC's standard policies and procedures.⁵ U.S. Bank has requested that the Rehabilitator contact DTC to determine whether it would facilitate such payments. Section 4.7(E) provides only that distribution of payments should be made in accordance with the applicable transaction documents. However, applicable DTC procedures may not permit recurring partial distributions to Securityholders, particularly given that the relative amounts of principal and interest represented by such payments will be unknown.

The foregoing operational challenges represent only one example of the increased administrative burdens placed on trustees under the Plan, with no apparent resolution. In many instances, the Plan requires trustees to undertake actions beyond those originally contemplated by the governing documents including, among other things, resubmission of previously filed claims (Plan § 4.3(A)), and preparing responses to FGIC Objections and Claim Determinations under the Disputed Claims reconciliation procedures set forth under Section 4.6. A fee shifting provision in Section 4.6 of the Plan would impose even greater burdens on trustees and is antithetical to the allocation of risk and imposition of liability under the governing documents. Finally, due to the significant delay in payments to Securityholders under the Plan, trustees will be expected to shoulder these burdens over a period well beyond the original term of many of the trusts.⁶ FGIC would not bear any of the related costs, except to the extent funds available under individual trusts are insufficient and FGIC, an insolvent company, has funds available to meet such obligations. *See* Plan § 4.6. As such, Section 7.5(b) of the Plan should be modified to

⁵ Importantly, the trustees have no control over DTC, its practices or procedures.

⁶ For example, it is conceivable that despite discharge of the obligations of the issuer or obligor and final distribution of trust funds, a trust would remain open for decades due to the ongoing FGIC rehabilitation. This will require the trustee to maintain accounts, notify Securityholders of material events and continue to perform other reporting obligations under such trust with no provision for payment of even its nominal annual fees and expenses, much less the additional costs and risks imposed by the Plan.

provide that, in addition to the indemnification provided thereunder, FGIC will compensate and reimburse the trustees for all actions taken as a result of the Rehabilitation, including the Plan and the Restructured Policy Terms, as an administrative expense.

2. Plan Provisions Obligating the Trustees to Bring All Actions Regarding Interpretation of the Plan before this Court are Impractical and Contravene Other State Laws.

U.S. Bank National Association and U.S. Bank Trust National Association are nationally chartered banking associations with their principal trust offices located in St. Paul, Minnesota, and Wilmington, Delaware, respectively. As a trustee, U.S. Bank is frequently faced with situations that require it to seek judicial instruction in the administration and interpretation of a trust. Trustees are entitled to seek judicial instructions in the administration of a trust “if there is reasonable doubt about the powers or duties of the trusteeship or about the proper interpretation of the trust provisions.” Restatement (Third) of Trusts § 71. Similarly, most governing documents provide that the trustee may file an action in the event of disputes between any of the parties or conflicting demands made upon the trustee with respect to the trustee’s duties.

Under the laws of Minnesota and Delaware, U.S. Bank has the right to bring trust instruction actions in the courts of those states. *See* Minn. Stat. § 510B.16(23), Del. Code. Ann. tit. 10, § 6504(3). Section 8.1 of the Plan, however, vests exclusive jurisdiction with this Court over “all matters arising out of or related to the Rehabilitation Proceeding and the Plan,” including, among other things, jurisdiction to:

hear and determine disputes or issues arising in connection with the interpretation, implementation or enforcement of the Plan, the Plan Approval Order, any transactions or payments contemplated by the Plan, any agreement, instrument or other document governing or relating to any of the foregoing.

Plan § 8.1. Read literally, the breadth of this jurisdictional grant would require that any petition for instruction in the administration of thousands of trusts be brought in this Court regardless of its relevance to the Plan.

The jurisdictional exclusivity provided for under Section 8.1 is not only unnecessary and overbroad, it represents an unlawful interference with other state's laws. The language of Section 8.1 should be modified to provide that, while this Court will retain jurisdiction, it will not have exclusive jurisdiction over all actions relating to the interpretation, administration, and resolution of conflicts arising under individual trusts. The Court should retain exclusive jurisdiction only over matters regarding interpretation of the Plan.

3. Section 7.5 of the Plan Wrongfully Interferes with Trustees' Contractual Indemnification Rights.

As outlined above, the rights and duties of U.S. Bank as trustee are strictly defined and limited to the express terms of the various indentures, trust agreements and pooling and servicing agreements that govern each of the Trusts. Such contracts further provide that the trustee has no obligation to take any action unless such trustee has been furnished an indemnity satisfactory to it. Moreover, notwithstanding the adequacy of any proffered indemnity, a trustee retains the absolute right to decline to take any action it determines would unjustly prejudice non-directing parties or would subject the trustee to personal liability. For example, a typical municipal bond indenture would contain the following provisions:

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article 8 (Events of Default and Remedies of Owners) hereof, **unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.**

Palchuk Aff., Exhibit D (Trust Agreement Relating to County of Calaveras 2007 Certificates of Participation) § 9.4(E).

[N]o provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Id. § 9.2(C).

. . . Owners of a majority in aggregate amount of principal represented by the Certificates then Outstanding shall have the right, . . . upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Trust Agreement, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, and that **the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction or might result in personal liability for the Trustee.**

Id. § 8.8. A similar provision taken from a RMBS pooling and servicing agreement reads as follows:

Neither the Trustee nor the Securities Administrator shall be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, **if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it**

Palchuk Aff., Exhibit B, BSABS Trust § 10.01(c). Further, in contrast to the provision in Section 7.5 that would permit FGIC to elect to assume a trustee's defense, the trustee is entitled, under the governing documents, to control its own defense in any proceeding brought in connection therewith. Such provisions represent critical, bargained-for protections for trustees like U.S. Bank who would not undertake to administer trusts like the ones insured by FGIC, if doing so would require them to incur personal liability or take action without first determining for themselves the sufficiency, under the circumstances, of any proffered indemnity.

In Section 7.5 of the Plan, the Rehabilitator seeks to strip the trustees of these necessary and bargained-for contractual rights. Section 7.5(b) provides a general, unsecured, non-cash indemnity to trustees for losses incurred by a trustee in complying with the Plan or any direction received from FGIC. Notwithstanding that provisions in transaction documents, as the above excerpts demonstrate, grant trustees sole discretion to determine whether an indemnity is adequate in light of the facts and circumstances at hand, the final sentence of Section 7.5(b) provides that:

The indemnity provided in this Section 7.5(b) shall be deemed to satisfy for all purposes any requirement under any provisions of a FGIC Contract or Transaction Document that the Indemnified Trustee be provided with an indemnity to or for its benefit (including any requirement that such indemnity be “adequate,” “sufficient,” “reasonable,” “acceptable” or similar terms) prior to performing any action required under the Plan, including complying with any direction given to it by FGIC pursuant to the relevant FGIC Contract or Transaction Document, and including provisions that allow the Indemnified Trustee to refrain from performing any action in the absence of such an indemnity.

The suggestion that the Rehabilitator, on behalf of an insolvent insurer, could unilaterally amend contracts to which the insurer is not a party, and thereby strip away the rights of parties to those contracts, is absurd on its face. Accordingly, the provisions that (a) permit FGIC to assume the trustee’s defense at its election and (b) deem the proffered indemnity sufficient for all purposes should be stricken.

E. Plan Clarifications

U.S. Bank further requests that the Rehabilitator provide clarification and additional information with respect to the Plan and Plan Supplement, as follows:

- Assurances from FGIC or the Rehabilitator, in the form of REMIC or tax opinions, as applicable, that amendments to governing documents posed by the Plan would not have tax implications for Securityholders.

- Information sufficient to permit the trustee to determine which of the Trusts for which it serves as trustee would be novated in connection with the proposed Novation Agreement.
- Inclusion of a statement clarifying that allocation of DPO with respect to a Permitted Claim will not impair or otherwise limit Securityholders' rights to receive payments of principal and interest under the governing documents from third parties, including issuers, obligors and other Non-FGIC Payors.
- Provisions under Article II of the Restructured Policy Terms setting forth certain Policy Crystallization Events are overbroad and inappropriate given that the full implications of Plan implementation are unknown at this time. There may be circumstances where the trustee is unable to carryout directives set forth under the Plan or by FGIC for reason of mechanical and operational impossibility. The trustee and the Securityholders it represents should not be penalized in such instances.

The above are only a few of the many concerns U.S. Bank has regarding implementation of the Plan. Until this Court rules on the various objections set forth herein, there is little purpose in commenting on specific Plan provisions that would be impossible or impracticable to perform.

V. JOINDER

U.S. Bank generally joins in the objections of Deutsche Bank National Trust Company, Deutsche Bank Trust Company Americas, The Bank of New York Mellon, The Bank of New York Mellon Trust Company, N.A., Wells Fargo Bank, N.A., each in its capacity as indenture trustee for certain trusts, to the Plan.


VI. CONCLUSION

For the foregoing reasons, U.S. Bank respectfully requests that the Court reject or modify the Plan with such other and further relief which this Court deems just and proper.

Respectfully submitted,

Dated: November 19, 2012

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By: 
Edward H. Tillinghast, III
30 Rockefeller Plaza
New York, NY 10112-0015
Telephone: (212) 653-8700
Facsimile: (212) 655-1750

FAEGRE BAKER DANIELS LLP

Michael B. Fisco, *Pro Hac Vice Motion Pending*
Abby E. Wilkinson, *Pro Hac Vice Motion Pending*
Regina A. Butler
90 South Seventh Street, Suite 2200
Minneapolis, MN 55402-3901
Telephone: (612) 766-7000
Facsimile: (612) 766-1600

ATTORNEYS FOR U.S. BANK NATIONAL
ASSOCIATION AND U.S. BANK TRUST
NATIONAL ASSOCIATION, EACH IN ITS
CAPACITY AS TRUSTEE AND ANY OTHER
RELEVANT CAPACITY

dms.us.51054107.06

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
In the Matter of

The Rehabilitation of
FINANCIAL GUARANTY INSURANCE
COMPANY.

Index No. 401265/2012

I.A.S. Part 36
Justice Doris Ling-Cohan

Motion Sequence 004

**AFFIDAVIT OF
IRINA PALCHUK**

-----X
STATE OF MINNESOTA)
) ss:
COUNTY OF RAMSEY)

I, IRINA PALCHUK, being duly sworn, do state and attest as follows:

1. I am a Vice President at U.S. Bank National Association, duly authorized to make this affidavit on behalf of U.S. Bank National Association and U.S. Bank Trust National Association, each in its capacity as trustee for certain residential mortgage backed securities, municipal debt securities, and other affected transactions. I submit this affidavit in support of the Objection of U.S. Bank National Association and U.S. Bank Trust National Association, Each in its Capacity as Trustee, to the Plan of Rehabilitation Dated September 27, 2012.

2. Attached as Exhibit A is a true and correct copy of the Current Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed by MBIA, Inc. on August 27, 2008, together with Exhibit 99.1 thereto.

3. Attached as Exhibit B is a true and correct copy of that certain Pooling and Servicing Agreement between Bear Stearns Asset Backed Securities I, LLC, as depositor, EMC Mortgage Corporation, as seller, Wells Fargo Bank, National Association, as master servicer and

securities administrator, and U.S. Bank National Association, as trustee, for those certain Bear Stearns Asset Backed Securities I Trust 2005-AC9 Asset Backed Certificates, Series 2005-AC9.

4. Attached as Exhibit C is a true and correct copy of that certain Surety Bond issued by Financial Guaranty Insurance Corporation in connection with those certain Bear Stearns Asset Backed Securities I Trust 2005-AC9 Asset Backed Certificates, Series 2005-AC9.

5. Attached as Exhibit D is a true and correct copy of that certain Trust Agreement between U.S. Bank National Association, as trustee, the County of Calaveras, California, and Public Property Financing Corporation of California relating to those certain County of Calaveras 2007 Certificates of Participation.

Dated: November 15, 2012
St. Paul, Minnesota

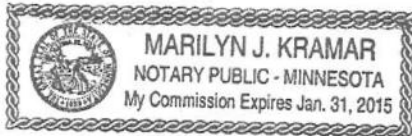


Irina Palchuk

Subscribed and sworn to before me
this 15th day of November, 2012.



Notary Public



CERTIFICATE OF CONFORMITY OF ACKNOWLEDGEMENT

STATE OF MINNESOTA)
) ss:
COUNTY OF RAMSEY)

Marilyn J. Kramar, does hereby certify that she is a Notary Public, licensed by the State of Minnesota, with Commission No. 31037754 and the jurat executed by Irina Palehuk on November 15, 2012, on an Affidavit in Support of the Objection of U.S. Bank National Association and U.S. Bank Trust National Association, Each in its Capacity as Trustee, to the Plan of Rehabilitation, was taken in the manner prescribed by and in conformity with the laws of the State of Minnesota, which is the place where the acknowledgment was taken.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this the 19th day of November, 2012.

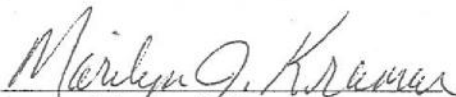

Marilyn J. Kramar

EXHIBIT A

8-K 1 a5765284.htm MBIA, INC. 8-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 28, 2008 (August 27, 2008)

MBIA INC.

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction of
incorporation)

1-9583
(Commission File Number)

06-1185706
(IRS Employer Identification No.)

113 King Street,
Armonk, New York
(Address of principal executive offices)

10504
(Zip Code)

Registrant's telephone number, including area code:
914-273-4545

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. REGULATION FD DISCLOSURE.

MBIA Inc. (“MBIA” or the “Company”) issued a press release on August 27, 2008. A copy of the press release is attached as Exhibit 99.1 hereto.

The information in the press release is being furnished, not filed, pursuant to Item 7.01 of Form 8-K. Accordingly, the information in Item 7.01 of this Current Report, including Exhibit 99.1, will not be incorporated by reference into any registration statement filed by MBIA under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference.

Item 8.01. OTHER EVENTS.

The following information is being filed pursuant to Item 8.01 – Other Events of Form 8-K.

On August 27, 2008, the Company announced that its insurance subsidiary, MBIA Insurance Corporation (“MBIA Corp.”), has agreed to reinsure a portfolio of U.S. domestic public finance bonds insured by Financial Guaranty Insurance Company (“FGIC”) with total net par outstanding estimated to be approximately \$184 billion as of September 30, 2008. MBIA Corp. is expected to receive unearned upfront premiums, net of a ceding commission paid to FGIC, of approximately \$741 million in connection with the reinsurance. The reinsurance will be provided on a “cut-through” basis, enabling FGIC’s policyholders to receive the benefit of MBIA Corp.’s reinsurance by allowing them to present claims directly to MBIA Corp. The transaction is subject to certain closing conditions, including approval by the New York State Insurance Department. Assuming receipt of the approval by the New York State Insurance Department and the satisfaction of other closing conditions, the transaction is expected to close by the end of the third quarter.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

99.1 Press Release issued by MBIA Inc. dated August 27, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MBIA INC.

By: /s/ Ram D. Wertheim

Ram D. Wertheim

General Counsel

Date: August 28, 2008

EXHIBIT INDEX TO CURRENT REPORT ON FORM 8-K
Dated August 28, 2008

Exhibit 99.1 Press Release issued by MBIA Inc. dated August 27, 2008.

MBIA to Reinsure \$184 Billion Portfolio of Investment Grade U.S. Public Finance Credits Insured by Financial Guaranty Insurance Company

Reinsurance Transaction to Leverage Core Public Finance Business

ARMONK, N.Y.--(BUSINESS WIRE)--MBIA Inc. (NYSE: MBI) today announced that its insurance subsidiary, MBIA Insurance Corporation (MBIA), has agreed to reinsure a portfolio of U.S. public finance bonds (the "public finance portfolio") insured by Financial Guaranty Insurance Company (FGIC) with total net par outstanding estimated to be approximately \$184 billion as of September 30, 2008. MBIA will receive unearned upfront premiums, net of a ceding commission paid to FGIC, of approximately \$741 million in connection with the reinsurance.

The public finance portfolio consists exclusively of investment grade credits, primarily in the general obligation, water and sewer, tax-backed and transportation sectors, and does not contain any credit default swap contracts, below investment grade credits or other credits inconsistent with MBIA's credit underwriting standards. The reinsurance will be provided on a "cut-through" basis, enabling FGIC's policyholders to receive the benefit of MBIA's reinsurance by allowing them to present claims directly to MBIA.

"As we discussed in a recent letter to owners, one of our strategies is to pursue opportunities that support the bond insurance market as a whole," said Bill Fallon, MBIA Managing Director. "To that end, we are pleased to provide a comprehensive risk transfer solution for the majority of FGIC's public finance portfolio. This transaction will provide substantial benefits to the policyholders of FGIC, who can now rely on MBIA's financial strength, substantial claims-paying resources and established operating platform. For MBIA, the reinsurance transaction leverages our core public finance business and our existing surveillance and remediation expertise, and provides attractive returns while strengthening our balance sheet. We expect the transaction to be immediately accretive to ROE.

"Further, we appreciate the encouragement and support provided by the New York State Insurance Department and Superintendent Eric Dinallo in connection with this transaction," Mr. Fallon continued.

The transaction is subject to certain closing conditions, including approval by the New York State Insurance Department. Assuming receipt of the approval by the New York State Insurance Department and the satisfaction of other closing conditions, the transaction is expected to close by the end of the third quarter.

This release contains statements about future results that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that these statements are not guarantees of future performance. There are a variety of factors, many of which are beyond MBIA's control, which affect the operations, performance, business strategy and results and could cause its actual results to differ materially from the expectations and objectives expressed in any forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. MBIA does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made. The reader should, however, consult any further disclosures MBIA may make in its future filings of its reports on Form 10-K, Form 10-Q and Form 8-K.

MBIA Inc., through its subsidiaries, is a leading financial guarantor and provider of specialized financial services. MBIA's innovative and cost-effective products and services meet the credit enhancement, financial and investment needs of its public and private sector clients, domestically and internationally. Please visit MBIA's Web site at www.mbia.com.

CONTACT:

MBIA, Media:

Kevin Brown, +1-914-765-3648

or

Elizabeth James, +1-914-765-3889

or

MBIA, Investor Relations:

Greg Diamond, +1-914-765-3190

or

APCO Worldwide, Media:

Jim McCarthy +1-202-333-8810

EXHIBIT B

BEAR STEARNS ASSET BACKED SECURITIES I LLC,

Depositor

EMC MORTGAGE CORPORATION,

Seller and Company

WELLS FARGO BANK, NATIONAL ASSOCIATION,

Master Servicer and Securities Administrator

and

U.S. BANK NATIONAL ASSOCIATION,

Trustee

POOLING AND SERVICING AGREEMENT

Dated as of November 1, 2005

BEAR STEARNS ASSET BACKED SECURITIES I TRUST 2005-AC9

ASSET-BACKED CERTIFICATES, SERIES 2005-AC9

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Exhibits

- Exhibit A-1** Form of Class A-[1][2][3][4][5] Certificates
- Exhibit A-2** Form of Class M-[1][2][3] Certificates
- Exhibit A-3** Form of Class B-[1][2][3][4] Certificates
- Exhibit A-4** Form of Class C Certificates
- Exhibit A-5** Form of Class P Certificates
- Exhibit A-6** Form of Class R-[1][2][3] Certificates
- Exhibit B** Mortgage Loan Schedule
- Exhibit C** Form of Transfer Affidavit
- Exhibit D** Form of Transferor Certificate
- Exhibit E** Form of Investment Letter (Non-Rule 144A)
- Exhibit F** Form of Rule 144A Investment Letter
- Exhibit G** Form of Request for Release
- Exhibit H** DTC Letter of Representations
- Exhibit I** Schedule of Mortgage Loans with Lost Notes
- Exhibit J** Form of Custodial Agreement
- Exhibit K** Form of Company Certification
- Exhibit L** Form of Mortgage Loan Purchase Agreement
- Exhibit M** Form of Class A-5 Policy
- Exhibit N** Form of Yield Maintenance Agreement

POOLING AND SERVICING AGREEMENT, dated as of November 1, 2005, among BEAR STEARNS ASSET BACKED SECURITIES I LLC, a Delaware limited liability company, as depositor (the "Depositor"), EMC MORTGAGE CORPORATION, a Delaware corporation, as seller (in such capacity, the "Seller") and as company (in such capacity, the "Company"), WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as master servicer (in such capacity, the "Master Servicer") and as securities administrator (in such capacity, the "Securities Administrator") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as trustee (the "Trustee").

PRELIMINARY STATEMENT

The Depositor is the owner of the Trust Fund that is hereby conveyed to the Trustee in return for the Certificates. On or prior to the Closing Date, the Depositor acquired the Mortgage Loans from the Seller. On the Closing Date, the Depositor will sell the Mortgage Loans and certain other property to the Trust Fund and receive in consideration therefor Certificates evidencing the entire beneficial ownership interest in the Trust Fund.

REMIC I

As provided herein, the Trustee will make an election to treat the segregated pool of assets consisting of the Mortgage Loans and certain other related assets subject to this Agreement (other than the Net WAC Reserve Fund, the Class A-1/A-2 Net WAC Reserve Account, the Class A-3/A-4 Net WAC Reserve Account, any Prepayment Charge Waiver Amounts and the Yield Maintenance Agreement) as a REMIC (as defined herein) for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC I." The Class R-1 Certificates will represent the sole class of Residual Interests in REMIC I for purposes of the REMIC Provisions (as defined herein). The following table irrevocably sets forth the designation, the Uncertificated REMIC I Pass-Through Rate, the initial Uncertificated Principal Balance and, for purposes of satisfying Treasury Regulation Section 1.860G-1(a)(4)(iii), the "latest possible maturity date" for each of the REMIC I Regular Interests (as defined herein). None of the REMIC I Regular Interests will be certificated.

Designation	Initial Uncertificated Principal Balance	Uncertificated REMIC I Pass-Through Rate	Latest Possible Maturity Date ⁽¹⁾
AA	\$ 400,155,400.14	Variable(2)	December 25, 2035
A-1	\$ 600,000.00	Variable(2)	December 25, 2035
A-3	\$ 1,726,705.04	Variable(2)	December 25, 2035
A-5	\$ 750,000.00	Variable(2)	December 25, 2035
M-1	\$ 373,610.00	Variable(2)	December 25, 2035
M-2	\$ 212,330.00	Variable(2)	December 25, 2035
M-3	\$ 81,670.00	Variable(2)	December 25, 2035
B-1	\$ 38,790.00	Variable(2)	December 25, 2035
B-2	\$ 55,120.00	Variable(2)	December 25, 2035
B-3	\$ 65,330.00	Variable(2)	December 25, 2035

B-4	\$	144,950.00	Variable(2)	December 25, 2035
ZZ	\$	4,117,931.70	Variable(2)	December 25, 2035
P	\$	100.00	0.00%	December 25, 2035

- (1) For purposes of Section 1.860G-1(a)(4)(iii) of the Treasury regulations, the Distribution Date in the month following the maturity date for the Mortgage Loan with the latest maturity date has been designated as the "latest possible maturity date" for each of the REMIC I Regular Interests.
- (2) Calculated in accordance with the definition of "Uncertificated REMIC I Pass-Through Rate" herein.

REMIC II

As provided herein, the Trustee will make an election to treat the segregated pool of assets consisting of the REMIC I Regular Interests as a REMIC for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC II." The Class R-2 Certificates will represent the sole class of Residual Interests in REMIC II for purposes of the REMIC Provisions. The following table irrevocably sets forth the designation, the Uncertificated REMIC II Pass-Through Rate, the initial Uncertificated Principal Balance and, for purposes of satisfying Treasury Regulation Section 1.860G-1(a)(4)(iii), the "latest possible maturity date" for each of the REMIC II Regular Interests (as defined herein). None of the REMIC II Regular Interests will be certificated.

<u>Designation</u>	<u>Initial Uncertificated Principal Balance</u>	<u>Uncertificated REMIC I Pass-Through Rate</u>	<u>Latest Possible Maturity Date⁽¹⁾</u>
Class A-1	\$ 60,000,000.00	(2)	December 25, 2035
Class A-3	\$ 172,670,504.00	(2)	December 25, 2035
Class A-5	\$ 75,000,000.00	(2)	December 25, 2035
Class M-1	\$ 37,361,000.00	(2)	December 25, 2035
Class M-2	\$ 21,233,000.00	(2)	December 25, 2035
Class M-3	\$ 8,167,000.00	(2)	December 25, 2035
Class B-1	\$ 3,879,000.00	(2)	December 25, 2035
Class B-2	\$ 5,512,000.00	(2)	December 25, 2035
Class B-3	\$ 6,533,000.00	(2)	December 25, 2035
Class B-4	\$ 14,495,000.00	(2)	December 25, 2035
Class C	\$ 3,471,332.88	(2) (3)	December 25, 2035
Class P	\$ 100.00	0.00%	December 25, 2035

- (1) For purposes of Section 1.860G-1(a)(4)(iii) of the Treasury regulations, the Distribution Date in the month following the maturity date for the Mortgage Loan with the latest maturity date has been designated as the "latest possible maturity date" for each of the REMIC II Regular Interests.
- (2) Calculated in accordance with the definition of "Uncertificated REMIC II Pass-Through Rate" herein.
- (3) REMIC II Regular Interest C will not accrue interest on its Uncertificated Principal Balance, but will accrue interest at the related Uncertificated REMIC II Pass-Through Rate on its Uncertificated Notional Amount which shall equal the aggregate of the Uncertificated Principal Balances of the REMIC I Regular Interests other than REMIC I Regular Interest P.

REMIC III

As provided herein, the Trustee will make an election to treat the segregated pool of assets consisting of the REMIC II Regular Interests as a REMIC for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC III." The Class R-3 Certificates will represent the sole class of Residual Interests in REMIC III for purposes of the REMIC Provisions.

The following table irrevocably sets forth the Class designation, Pass-Through Rate and Initial Certificate Principal Balance for each Class of Certificates that represents one or more of the Regular Interests in REMIC III created hereunder.

Class Designation	Initial Certificate Principal Balance	Pass-Through Rate	Latest Possible Maturity Date ⁽¹⁾
Class A-1	\$ 60,000,000.00	Class A-1 Pass-Through Rate	December 25, 2035
Class A-2	N/A ⁽²⁾	Class A-2 Pass-Through Rate	December 25, 2035
Class A-3	\$ 118,710,971.00	Class A-3 Pass-Through Rate	December 25, 2035
Class A-4	\$ 53,959,533.00 ⁽⁴⁾	Class A-4 Pass-Through Rate	December 25, 2035
Class A-5	\$ 75,000,000.00	Class A-5 Pass-Through Rate	December 25, 2035
Class M-1	\$ 37,361,000.00	Class M-1 Pass-Through Rate	December 25, 2035
Class M-2	\$ 21,233,000.00	Class M-2 Pass-Through Rate	December 25, 2035
Class M-3	\$ 8,167,000.00	Class M-3 Pass-Through Rate	December 25, 2035
Class B-1	\$ 3,879,000.00	Class B-1 Pass Through Rate	December 25, 2035
Class B-2	\$ 5,512,000.00	Class B-2 Pass-Through Rate	December 25, 2035
Class B-3	\$ 6,533,000.00	Class B-3 Pass Through Rate	December 25, 2035
Class B-4	\$ 14,495,000.00	Class B-4 Pass Through Rate	December 25, 2035
Class C	\$ 3,471,332.88	⁽³⁾	December 25, 2035
Class P	\$ 100.00	0.00%	December 25, 2035

- (1) For purposes of Section 1.860G-1(a)(4)(iii) of the Treasury regulations, the Distribution Date in the month following the maturity date for the Mortgage Loan with the latest maturity date has been designated as the "latest possible maturity date" for each Class of Certificates that represents one or more of the Regular Interests in REMIC III.
- (2) The Class A-2 Certificates will accrue interest at the Class A-2 Pass-Through Rate on the Certificate Notional Amount of the Class A-2 Certificates calculated in accordance with the definition of "Certificate Notional Amount" herein. The Class A-2 Certificates will not be entitled to distributions in respect of principal.
- (3) The Class C Certificate will not accrue interest on its Certificate Principal Balance, but will be entitled to 100% of amounts distributed on REMIC II Regular Interest C.
- (4) For federal income tax purposes, the Regular Interest the ownership of which is represented by the Class A-4 Certificates shall have a principal balance equal to the Certificate Principal Balance of such Certificates, and such Regular Interest shall not accrue interest on its principal balance but rather shall be entitled to interest on its Uncertificated Notional Amount at its Uncertificated REMIC III Pass-Through Rate, in each case as defined herein.

The Trust Fund shall be named, and may be referred to as, the "Bear Stearns Asset Backed Securities I Trust 2005-AC9." The Certificates issued hereunder may be referred to as "Asset-Backed Certificates Series 2005-AC9" (including for purposes of any endorsement or assignment of a Mortgage Note or Mortgage).

In consideration of the mutual agreements herein contained, the Depositor, the Master Servicer, the Securities Administrator, the Seller, the Company and the Trustee agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Defined Terms.

In addition to those terms defined in Section 1.02, whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

20% Clean-up Call Date: Shall mean the first Distribution Date upon which the aggregate Stated Principal Balance of the Mortgage Loans as of the end of the related Due Period is less than or equal to 20% of the aggregate Cut-off Date Principal Balance of the Mortgage Loans.

Accepted Master Servicing Practices: With respect to any Mortgage Loan, those customary mortgage servicing practices of prudent mortgage servicing institutions that master service mortgage loans of the same type and quality as such Mortgage Loan in the jurisdiction where the related Mortgaged Property is located, to the extent applicable to the Trustee or the Master Servicer (except in its capacity as successor to the Company or the related Servicer).

Accepted Servicing Practices: With respect to each EMC Mortgage Loan, those mortgage servicing practices (including collection procedures) that are in accordance with all applicable statutes, regulations and prudent mortgage banking practices for similar mortgage loans.

Accounts: The Distribution Account, the Master Servicer Collection Account, the Class P Certificate Account, the Net WAC Reserve Fund, the Class A-1/A-2 Net WAC Reserve Account, the Class A-3/A-4 Net WAC Reserve Account, the Class A-5 Policy Payments Account and any Protected Account.

Additional Interest Amount: With respect to the Class A-1 Certificates, the amount paid by the Counterparty to the Holders of the Class A-1 Certificates to the extent One-Month LIBOR plus 0.60% per annum exceeds 5.50% per annum, subject to a ceiling of 9.50% per annum.

Additional Master Servicing Compensation: The meaning specified in Section 4.14.

Advance: An advance of delinquent payments of principal or interest in respect of a Mortgage Loan required to be made by the Company as provided in Section 6.01(a) hereof, by the related Servicer in accordance with the related Servicing Agreement or by the Master Servicer as provided in Section 6.01(b) hereof.

Agreement: This Pooling and Servicing Agreement and any and all amendments or supplements hereto made in accordance with the terms herein.

Amount Held for Future Distribution: As to any Distribution Date, the aggregate amount held in the Company's or the related Servicer's Protected Account at the close of business on the immediately preceding Determination Date on account of (i) all Scheduled Payments or portions thereof received in respect of the Mortgage Loans due after the related Due Period and (ii)

Principal Prepayments, Liquidation Proceeds and Insurance Proceeds received in respect of such Mortgage Loans after the last day of the related Prepayment Period.

Applied Realized Loss Amount: With respect to any Distribution Date and a Class of Subordinate Certificates or Class C Certificates, the sum of the Realized Losses with respect to the Mortgage Loans which have been applied in reduction of the Certificate Principal Balance of that Class of Certificates pursuant to Section 6.05 of this Agreement, which have not previously been reimbursed.

Appraised Value: With respect to any Mortgage Loan originated in connection with a refinancing, the appraised value of the Mortgaged Property based upon the appraisal made at the time of such refinancing or, with respect to any other Mortgage Loan, the lesser of (x) the appraised value of the Mortgaged Property based upon the appraisal made by a fee appraiser at the time of the origination of the related Mortgage Loan, and (y) the sales price of the Mortgaged Property at the time of such origination.

Assignment Agreement: Shall mean any of the GreenPoint Assignment Agreement, the PHH Assignment Agreement or the SunTrust Assignment Agreement.

Available Funds: The sum of Interest Funds and Principal Funds with respect to the Mortgage Loans.

Bankruptcy Code: Title 11 of the United States Code.

Bishop's Gate: Bishop's Gate Residential Mortgage Trust, and any successor thereto.

Basic Principal Distribution Amount: Shall mean, with respect to any Distribution Date, the lesser of (a) the excess of (i) the Available Funds for such Distribution Date over (ii) the aggregate Monthly Interest Distributable Amount for the Certificates (other than the Class P, Class C and Class R Certificates) for such Distribution Date and (b) the excess of (i) the Principal Remittance Amount for such Distribution Date over (ii) the Overcollateralization Release Amount, if any, for such Distribution Date.

Book-Entry Certificates: Any of the Certificates that shall be registered in the name of the Depository or its nominee, the ownership of which is reflected on the books of the Depository or on the books of a person maintaining an account with the Depository (directly, as a "Depository Participant", or indirectly, as an indirect participant in accordance with the rules of the Depository and as described in Section 7.06). As of the Closing Date, each Class of Offered Certificates constitutes a Class of Book-Entry Certificates.

Business Day: Any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in The City of New York, New York, Minneapolis, Minnesota, Columbia, Maryland or the city in which the Corporate Trust Office of the Trustee or the principal office of the Company or the Master Servicer is located are authorized or obligated by law or executive order to be closed.

Certificate: Any one of the certificates of any Class executed and authenticated by the Securities Administrator in substantially the forms attached hereto as Exhibits A-1 through A-6.

Certificate Notional Amount: As to any Class A-2 Certificate and any Distribution Date, the Certificate Principal Balance of the Class A-1 Certificates; for federal income tax purposes, however, the equivalent of the foregoing, expressed as the Uncertificated Principal Balance of REMIC II Regular Interest A-1. As to the Class C Certificates and any Distribution Date, an amount equal to the aggregate Stated Principal Balance of the Mortgage Loans. The initial Certificate Notional Amount of the Class C Certificates shall be \$408,321,836.88. For federal income tax purposes, however, the Class C Certificates will have a Certificate Notional Amount equal to the Uncertificated Notional Amount of REMIC II Regular Interest C.

Certificate Owner: With respect to a Book-Entry Certificate, the Person that is the beneficial owner of such Book-Entry Certificate.

Certificate Principal Balance: As to any Certificate (other than the Class A-2, Class C or any Class R Certificate) and as of any Distribution Date, the Initial Certificate Principal Balance of such Certificate plus any Subsequent Recoveries added to the Certificate Principal Balance of such Certificate pursuant to Section 6.05 less the sum of (i) all amounts distributed with respect to such Certificate in reduction of the Certificate Principal Balance thereof on previous Distribution Dates pursuant to Section 6.04 and (ii) in the case of the Subordinate Certificates, any Applied Realized Loss Amounts allocated to such Certificate on previous Distribution Dates. As to the Class C Certificates and as of any Distribution Date, an amount equal to the excess, if any, of (A) the then aggregate Stated Principal Balance of the Mortgage Loans over (B) the then aggregate Certificate Principal Balance of the Class A, Class M and Class B Certificates then outstanding.

Certificate Register: The register maintained pursuant to Section 7.02 hereof.

Certificateholder or Holder: The person in whose name a Certificate is registered in the Certificate Register (initially, Cede & Co., as nominee for the Depository, in the case of any Book-Entry Certificates).

Class: All Certificates bearing the same Class designation as set forth in Section 7.01 hereof.

Class A Certificates: Any of Class A-1, Class A-2, Class A-3, Class A-4 and Class A-5 Certificates.

Class A-1 Certificate: Any Certificate designated as a "Class A-1 Certificate" on the face thereof, in the form of Exhibit A-1 hereto, representing the right to the Percentage Interest of distributions provided for the Class A-1 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III, (ii) the right to receive the Net WAC Rate Carryover Amount, (iii) the obligation to pay the Class A-1/A-2 Net WAC Pass-Through Amount and (iv) the right to receive payments under the Yield Maintenance Agreement.

Class A-1 Pass-Through Rate: Shall mean on any Distribution Date, One-Month LIBOR plus 0.60% per annum, with a maximum rate of 5.50% per annum and a minimum rate of 0.60% per annum, subject to the applicable Interest Rate Cap.

Class A-1/A-2 Net WAC Reserve Fund: Shall mean the separate trust account or subaccount created and maintained by the Securities Administrator pursuant to Section 6.09(a) hereof.

Class A-1/A-2 Net WAC Reserve Fund Deposit: With respect to the Class A-1/A-2 Net WAC Reserve Fund, an amount equal to \$5,000, which the Depositor shall deposit initially into the Class A-1/A-2 Net WAC Reserve Fund pursuant to Section 6.09(a) hereof.

Class A-1/A-2 Net WAC Pass-Through Amount: Shall mean, with respect to any Distribution Date, the excess of (A) the amount of interest the Class A-1 Certificates would have been entitled to receive if no Interest Rate Cap applied, over (B) the amount of interest the Class A-1 Certificates would have been entitled to receive if reductions under the related Interest Rate Cap were allocated as provided in the definition thereof; provided, however, if One-Month LIBOR plus the applicable margin for the Class A-1 Certificates for such Distribution Date is equal to or greater than the rate of interest for the Class A-1 Certificates determined as if the related Interest Rate Cap allocable to the Class A-1 Certificates and Class A-2 Certificates were allocated to the Class A-1 Certificates, the amount determined under clause (A) would be determined as if the related Interest Rate Cap allocable to the Class A-1 Certificates and Class A-2 Certificates were allocated to the Class A-1 Certificates.

Class A-1/A-2 Target Rate: Shall mean (A) for Distributions Dates on or prior to the Optional Termination Date, 5.50% per annum and (B) for Distribution Dates thereafter, 6.00% per annum.

Class A-2 Certificate: Any Certificate designated as a "Class A-2 Certificate" on the face thereof, in the form of Exhibit A-1 hereto, representing the right to the Percentage Interest of distributions provided for the Class A-2 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III, (ii) the right to receive the Net WAC Rate Carryover Amount and (iii) the right to receive the Class A-1/A-2 Net WAC Pass-Through Amount.

Class A-2 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, 4.90% per annum minus One-Month LIBOR, with a maximum rate of 4.90% per annum and a minimum rate of 0.00% per annum and (ii) for any Distribution Date thereafter, the sum of (x) 4.90% per annum minus One-Month LIBOR and (y) 0.50% per annum, with a maximum rate of 5.40% per annum and a minimum rate of 0.50% per annum, in each case subject to the applicable Interest Rate Cap.

Class A-3 Certificate: Any Certificate designated as a "Class A-3 Certificate" on the face thereof, in the form of Exhibit A-1 hereto, representing the right to the Percentage Interest of distributions provided for the Class A-3 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III, (ii) the right to receive the Net WAC Rate Carryover Amount and (iii) the obligation to pay the Class A-3/A-4 Net WAC Pass-Through Amount.

Class A-3 Pass-Through Rate: Shall mean on any Distribution Date, One-Month LIBOR plus 0.35% per annum, with a maximum rate of 8.00% per annum and a minimum rate of 0.35% per annum, subject to the applicable Interest Rate Cap.

Class A-3/A-4 Net WAC Reserve Fund: Shall mean the separate trust account or subaccount created and maintained by the Securities Administrator pursuant to Section 6.10(a) hereof.

Class A-3/A-4 Net WAC Reserve Fund Deposit: With respect to the Class A-3/A-4 Net WAC Reserve Fund, an amount equal to \$5,000, which the Depositor shall deposit initially into the Class A-3/A-4 Net WAC Reserve Fund pursuant to Section 6.10(a) hereof.

Class A-3/A-4 Net WAC Pass-Through Amount: Shall mean, with respect to any Distribution Date, the excess of (A) the amount of interest the Class A-3 Certificates would have been entitled to receive if no Interest Rate Cap applied, over (B) the amount of interest the Class A-3 Certificates would have been entitled to receive if reductions under the related Interest Rate Cap were allocated as provided in the definition thereof; provided, however, if One-Month LIBOR plus the applicable margin for the Class A-3 Certificates for such Distribution Date is equal to or greater than the rate of interest for the Class A-3 Certificates determined as if the related Interest Rate Cap allocable to the Class A-3 Certificates and Class A-4 Certificates were allocated to the Class A-3 Certificates, the amount determined under clause (A) would be determined as if the related Interest Rate Cap allocable to the Class A-3 Certificates and Class A-4 Certificates were allocated to the Class A-3 Certificates.

Class A-3/A-4 Target Rate: Shall mean (A) for any Distribution Date on or prior to the Optional Termination Date, 5.50% per annum and (B) for any Distribution Date thereafter, 6.00% per annum.

Class A-4 Certificate: Any Certificate designated as a "Class A-4 Certificate" on the face thereof, in the form of Exhibit A-1 hereto, representing the right to the Percentage Interest of distributions provided for the Class A-4 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III, (ii) the right to receive the Net WAC Rate Carryover Amount and (iii) the right to receive the Class A-3/A-4 Net WAC Pass-Through Amount.

Class A-4 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, 16.83% per annum minus the product of 2.2 and One-Month LIBOR, with a maximum rate of 16.83% per annum and a minimum rate of 0.00% per annum and (ii) for each Distribution Date thereafter, the sum of (x) 16.83% per annum minus the product of 2.2 and One-Month LIBOR and (y) 1.60% per annum, with a maximum rate of 18.43% per annum and a minimum rate of 1.60% per annum, in each case subject to the applicable Interest Rate Cap.

Class A-5 Certificate: Any Certificate designated as a "Class A-5 Certificate" on the face thereof, in the form of Exhibit A-1 hereto, representing the right to the Percentage Interest of distributions provided for the Class A-5 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class A-5 Deficiency Amount: With respect to any Distribution Date and the Class A-5 Certificates, an amount, if any, equal to the sum of (i) the excess of (x) the Monthly Interest Distributable Amount for the Class A-5 Certificates on such Distribution Date over (y) the Interest Funds from the Mortgage Loans on such Distribution Date allocated to pay the Monthly Interest Distributable Amount on the Class A-5 Certificates on such Distribution Date as

provided in Section 6.04(a) of this Agreement; and (ii) the Certificate Principal Balance of the Class A-5 Certificates to the extent unpaid on the Last Scheduled Distribution Date or earlier termination of the Trust Fund pursuant to the terms of this Agreement, in each case after giving effect to distributions made on such date from all sources other than the Class A-5 Policy.

Class A-5 Insurance Agreement: The Insurance and Indemnity Agreement dated as of November 30, 2005 among the Class A-5 Insurer, the Seller, the Depositor and the Trustee.

Class A-5 Insurer: Financial Guaranty Insurance Company, a stock insurance corporation organized and created under the laws of the State of New York, or any successor thereto.

Class A-5 Insurer Default: The existence and continuance of any of the following: (a) The Class A-5 Insurer fails to make a payment required under the Class A-5 Policy in accordance with its terms; or (b)(i) the Class A-5 Insurer (A) files any petition or commences any case or proceeding under any provision or chapter of the Bankruptcy Code, the New York Insurance Law or any other similar federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (B) makes a general assignment for the benefit of its creditors, or (C) has an order for relief entered against it under the Bankruptcy Code, the New York Insurance Law or any other similar federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization that is final and nonappealable; or (ii) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and nonappealable order, judgment or decree (A) appointing a custodian, trustee, agent or receiver for the Class A-5 Insurer or for all or any material portion of its property or (B) authorizing the taking of possession by a custodian, trustee, agent or receiver of the Class A-5 Insurer (or the taking of possession of all or any material portion of the property of the Class A-5 Insurer).

Class A-5 Insurer Premium Amount: With respect to the Class A-5 Policy and each Distribution Date, an amount equal to the product of the applicable Class A-5 Insurer Premium Rate and the related Certificate Principal Balance of the Class A-5 Certificates immediately prior to such Distribution Date.

Class A-5 Insurer Premium Rate: A percentage equal to one-twelfth (1/12) of the related "premium percentage" for the Class A-5 Certificates as set forth in the Class A-5 Insurance Agreement.

Class A-5 Notice of Nonpayment: Written notice in the form of Exhibit A to the Class A-5 Policy.

Class A-5 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, a fixed rate equal to 5.75% per annum and (ii) for each Distribution Date thereafter, a fixed rate equal to 6.25% per annum, in each case subject to the related Interest Rate Cap for such Distribution Date.

Class A-5 Policy: The surety bond, policy number 05030141, including any endorsements thereto, issued by the Class A-5 Insurer with respect to the Class A-5 Certificates, in the form attached hereto as Exhibit M.

Class A-5 Policy Payments Account: The separate Eligible Account created and maintained by the Securities Administrator pursuant to Section 6.12(c) in the name of the Trustee for the benefit of the Class A-5 Certificateholders and designated "U.S. Bank National Association, in trust for registered holders of Bear Stearns Asset Backed Securities I Trust 2005-AC9, Asset-Backed Certificates, Series 2005-AC9, Class A-5." Funds in the Class A-5 Policy Payments Account shall be held in trust for the Class A-5 Certificateholders for the uses and purposes set forth in this Agreement.

Class A-5 Reimbursement Amount: The sum of (a) the aggregate unreimbursed amount of any payments made by the Class A-5 Insurer under the Class A-5 Policy, together with interest on such amount from the date of payment by the Class A-5 Insurer until paid in full at the Late Payment Rate (as defined in the Class A-5 Insurance Agreement) and (b) any other amounts owed to the Class A-5 Insurer under the Class A-5 Insurance Agreement or pursuant to Section 6.12.

Class B Certificates: Any of the Class B-1, Class B-2, Class B-3 and Class B-4 Certificates.

Class B-1 Certificate: Any Certificate designated as a "Class B-1 Certificate" on the face thereof, in the form of Exhibit A-3 hereto, representing the right to the Percentage Interest of distributions provided for the Class B-1 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class B-1 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 1.50% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 2.25% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class B-2 Certificate: Any Certificate designated as a "Class B-2 Certificate" on the face thereof, in the form of Exhibit A-3 hereto, representing the right to the Percentage Interest of distributions provided for the Class B-2 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class B-2 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 1.90% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 2.85% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class B-3 Certificate: Any Certificate designated as a "Class B-3 Certificate" on the face thereof, in the form of Exhibit A-3 hereto, representing the right to the Percentage Interest of distributions provided for the Class B-3 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class B-3 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 2.75% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 4.125% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class B-4 Certificate: Any Certificate designated as a "Class B-4 Certificate" on the face thereof, in the form of Exhibit A-3 hereto, representing the right to the Percentage Interest of distributions provided for the Class B-4 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class B-4 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 3.00% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 4.50% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class C Certificate: Any Certificate designated as a "Class C Certificate" on the face thereof, in the form of Exhibit A-4 hereto, representing the right to its Percentage Interest of distributions provided for the Class C Certificates herein and evidencing (i) a Regular Interest in REMIC III, (ii) the obligation to pay the Net WAC Rate Carryover Amount and (iii) the right to any residual amounts under, and as described in, the Yield Maintenance Agreement.

Class C Distribution Amount: With respect to any Distribution Date, the sum of (i) the Monthly Interest Distributable Amount for the Class C Certificates for such Distribution Date, (ii) any Overcollateralization Release Amount for such Distribution Date and (iii) without duplication, any Subsequent Recoveries not distributed to the Class M Certificates and Class B Certificates on such Distribution Date; provided, however, that on and after the Distribution Date on which the Certificate Principal Balances of the Offered Certificates and Class B-4 Certificates have been reduced to zero, the Class C Distribution Amount shall include the Overcollateralized Amount.

Class M Certificates: Any of the Class M-1, Class M-2 and Class M-3 Certificates.

Class M-1 Certificate: Any Certificate designated as a "Class M-1 Certificate" on the face thereof, in the form of Exhibit A-2 hereto, representing the right to the Percentage Interest of distributions provided for the Class M-1 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class M-1 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 0.45% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 0.675% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class M-2 Certificate: Any Certificate designated as a "Class M-2 Certificate" on the face thereof, in the form of Exhibit A-2 hereto, representing the right to the Percentage Interest of distributions provided for the Class M-2 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class M-2 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 0.67% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 1.005% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class M-3 Certificate: Any Certificate designated as a "Class M-3 Certificate" on the face thereof, in the form of Exhibit A-2 hereto, representing the right to the Percentage Interest of distributions provided for the Class M-3 Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive the Net WAC Rate Carryover Amount.

Class M-3 Pass-Through Rate: Shall mean (i) on any Distribution Date which occurs on or prior to the Optional Termination Date, One-Month LIBOR plus 0.72% per annum and (ii) for each Distribution Date thereafter, One-Month LIBOR plus 1.08% per annum, in each case subject to a cap equal to the related Interest Rate Cap for such Distribution Date.

Class P Certificate: Any Certificate designated as a "Class P Certificate" on the face thereof, in the form of Exhibit A-5 hereto, representing the right to its Percentage Interest of distributions provided for the Class P Certificates as set forth herein and evidencing (i) a Regular Interest in REMIC III and (ii) the right to receive any Prepayment Charge Waiver Amounts.

Class P Certificate Account: The account established and maintained by the Securities Administrator pursuant to Section 6.11 hereof.

Class R Certificates: Any of the Class R-1, Class R-2 or Class R-3 Certificates.

Class R-1 Certificate: Any Certificate designated a "Class R-1 Certificate" on the face thereof, in substantially the form set forth in Exhibit A-6 hereto, evidencing the Residual Interest in REMIC I and representing the right to the Percentage Interest of distributions provided for the Class R-1 Certificates as set forth herein.

Class R-2 Certificate: Any Certificate designated a "Class R-2 Certificate" on the face thereof, in substantially the form set forth in Exhibit A-6 hereto, evidencing the Residual Interest in REMIC II and representing the right to the Percentage Interest of distributions provided for the Class R-2 Certificates as set forth herein.

Class R-3 Certificate: Any Certificate designated a "Class R-3 Certificate" on the face thereof, in substantially the form set forth in Exhibit A-6 hereto, evidencing the Residual Interest in REMIC III and representing the right to the Percentage Interest of distributions provided for the Class R-3 Certificates as set forth herein.

Closing Date: November 30, 2005.

Code: The Internal Revenue Code of 1986, including any successor or amendatory provisions.

Company: EMC.

Compensating Interest: An amount, not to exceed the Servicing Fee, to be deposited in the Master Servicer Collection Account by the Company or the related Servicer to the payment of a Prepayment Interest Shortfall on a Mortgage Loan subject to this Agreement; provided that in the event the Company or the related Servicer fails to make such payment, the Master Servicer shall be obligated to do so to the extent provided in Section 6.02(c) hereof.

Corporate Trust Office: The designated office of the Trustee where at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this Agreement is located at US Bank Corporate Trust Services, One Federal Street, 3rd Floor, Boston, Massachusetts 02110, Attention: Corporate Trust Services/BSABS I 2005-AC9, or at such other address as the Trustee may designate from time to time.

Corresponding Certificate: With respect to each REMIC II Regular Interest, the Certificate with the corresponding designation.

Corresponding Interest: With respect to each REMIC I Regular Interest (other than REMIC I Regular Interests AA and ZZ), the REMIC II Regular Interest with the corresponding designation.

Counterparty: Bear Stearns Financial Products Inc.

Custodial Agreement: An agreement, dated as of November 30, 2005, among the Depositor, the Seller, the Trustee and the Custodian in substantially the form of Exhibit J hereto.

Custodian: Wells Fargo Bank, National Association, or any successor custodian appointed pursuant to the provisions hereof and the Custodial Agreement.

Cut-off Date: The close of business on November 1, 2005.

Cut-off Date Principal Balance: As to any Mortgage Loan, the unpaid principal balance thereof as of the close of business on the Cut-off Date after application of all Principal Prepayments received prior to the Cut-off Date and scheduled payments of principal due on or before the Cut-off Date, whether or not received, but without giving effect to any installments of principal received in respect of Due Dates after the Cut-off Date.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan that became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any other reduction that results in a permanent forgiveness of principal.

Deficient Valuation: With respect to any Mortgage Loan, a valuation by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then outstanding indebtedness under such Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court that is final and non-appealable in a proceeding under the Bankruptcy Code.

Definitive Certificates: As defined in Section 7.06.

Deleted Mortgage Loan: A Mortgage Loan replaced or to be replaced by a Replacement Mortgage Loan.

Delinquent: A Mortgage Loan is "delinquent" if any payment due thereon is not made pursuant to the terms of such Mortgage Loan by the close of business on the day such payment is scheduled to be due. A Mortgage Loan is "30 days delinquent" if such payment has not been received by the close of business on the corresponding day of the month immediately succeeding the month in which such payment was due, or, if there is no such corresponding day (e.g., as when a 30-day month follows a 31-day month in which a payment was due on the 31st day of such month), then on the last day of such immediately succeeding month. Similarly for "60 days delinquent," "90 days delinquent" and so on.

Denomination: With respect to each Certificate, the amount set forth on the face thereof as the "Initial Principal Balance of this Certificate".

Depositor: Bear Stearns Asset Backed Securities I LLC, a Delaware limited liability company, or its successor in interest.

Depository: The initial Depository shall be The Depository Trust Company ("DTC"), the nominee of which is Cede & Co., or any other organization registered as a "clearing agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. The Depository shall initially be the registered Holder of the Book-Entry Certificates. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(a)(5) of the Uniform Commercial Code of the State of New York.

Depository Agreement: With respect to the Class of Book-Entry Certificates, the agreement among the Depositor, the Trustee and the initial Depository, dated as of the Closing Date, substantially in the form of Exhibit H.

Depository Participant: A broker, dealer, bank or other financial institution or other Person for whom from time to time a Depository effects book-entry transfers and pledges of securities deposited with the Depository.

Determination Date: With respect to any Distribution Date, the 15th day of the month of such Distribution Date or, if such 15th day is not a Business Day, the immediately preceding Business Day.

Distribution Account: The separate Eligible Account created and maintained by the Securities Administrator pursuant to Section 5.08 in the name of the Trustee for the benefit of the Certificateholders and designated "U.S. Bank National Association, in trust for registered Holders of Bear Stearns Asset Backed Securities I LLC, Asset-Backed Certificates, Series 2005-AC9" shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement.

Distribution Account Deposit Date: As to any Distribution Date, on or before 3:00 p.m. Eastern time on the Business Day immediately preceding such Distribution Date.

Distribution Date: The 25th day of each calendar month after the initial issuance of the Certificates, or if such 25th day is not a Business Day, the next succeeding Business Day, commencing in December 2005.

Due Date: As to any Mortgage Loan, the date in each month on which the related Scheduled Payment is due, as set forth in the related Mortgage Note.

Due Period: With respect to any Distribution Date, the period from the second day of the calendar month preceding the calendar month in which such Distribution Date occurs through close of business on the first day of the calendar month in which such Distribution Date occurs.

Eligible Account: Any of (i) an account or accounts maintained with a federal or state chartered depository institution or trust company, the long-term unsecured debt obligations and short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company, so long as Moody's is not a Rating Agency) are rated by each Rating Agency in one of its two highest long-term and its highest short-term rating categories respectively, at the time any amounts are held on deposit therein, or (ii) an account or accounts in a depository institution or trust company in which such accounts are insured by the FDIC (to the limits established by the FDIC) and the uninsured deposits in which accounts are otherwise secured such that, as evidenced by an Opinion of Counsel delivered to the Trustee and to each Rating Agency, the Certificateholders have a claim with respect to the funds in such account or a perfected first priority security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution or trust company in which such account is maintained, or (iii) a trust account or accounts maintained with the corporate trust department of a federal or state chartered depository institution or trust company having capital and surplus of not less than \$50,000,000, acting in its fiduciary capacity or (iv) any other account acceptable to the Rating Agencies. Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Trustee.

EMC: EMC Mortgage Corporation, a Delaware corporation.

EMC Mortgage Loans: Those Mortgage Loans serviced by the Company pursuant to the terms of this Agreement.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

ERISA Restricted Certificates: Any of the Class B-4, Class C, Class P and Residual Certificates.

Event of Default: As defined in Section 9.01 hereof.

Excess Liquidation Proceeds: To the extent not required by law to be paid to the related Mortgagor, the excess, if any, of any Liquidation Proceeds with respect to a Mortgage Loan over the Stated Principal Balance of such Mortgage Loan and accrued and unpaid interest at the related Mortgage Rate through the last day of the month in which the Mortgage Loan has been liquidated.

Excess Spread: With respect to any Distribution Date is the excess, if any, of (i) the Interest Funds for such Distribution Date over (ii) the sum of (a) the Class A-5 Insurer Premium Amount payable to the Class A-5 Insurer for such Distribution Date and (b) the related Monthly

Interest Distributable Amounts payable to the Offered Certificates and Class B-4 Certificates on such Distribution Date and (c) any Class A-5 Reimbursement Amounts paid to the Class A-5 Insurer relating to the interest draws on the Class A-5 Policy pursuant to item (3) of clause *first* under Section 6.04(a).

Exemption: Prohibited Transaction Exemption 90-30, as amended from time to time.

Extra Principal Distribution Amount: With respect to any Distribution Date (a) on or prior to the earlier of (1) the 20% Clean-Up Call Date and (2) the Distribution Date in November 2015, the lesser of (x) the Excess Spread for such Distribution Date and (y) the Overcollateralization Increase Amount for such Distribution Date; and (b) thereafter, the Excess Spread for such Distribution Date; provided that, the Excess Spread in clause (b) will be used first to pay the Overcollateralization Increase Amount, any Unpaid Interest Shortfalls and any Net WAC Rate Carryover Amounts on such Distribution Date.

Fannie Mae: Fannie Mae (formerly, Federal National Mortgage Association), or any successor thereto.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

Final Recovery Determination: With respect to any defaulted Mortgage Loan or any REO Property (other than a Mortgage Loan or REO Property purchased by the Seller or the Class C Certificateholder pursuant to or as contemplated by Section 2.03(c) or Section 11.01), a determination made by the Company pursuant to this Agreement or the applicable Servicer pursuant to the related Servicing Agreement that all Insurance Proceeds, Liquidation Proceeds and other payments or recoveries which the Company or such Servicer, in its reasonable good faith judgment, expects to be finally recoverable in respect thereof have been so recovered. The Master Servicer shall maintain records, based solely on information provided by each Servicer, of each Final Recovery Determination made thereby.

Fiscal Quarter: December 1 to February 29 (or the last day in such month), March 1 to May 31, June 1 to August 31, or September to November 30, as applicable.

Freddie Mac: Freddie Mac (formerly The Federal Home Loan Mortgage Corporation), or any successor thereto.

Global Certificate: Any Private Certificate registered in the name of the Depository or its nominee, beneficial interests in which are reflected on the books of the Depository or on the books of a Person maintaining an account with such Depository (directly or as an indirect participant in accordance with the rules of such depository).

GreenPoint: GreenPoint Mortgage Funding, Inc., and any successor thereto.

GreenPoint Assignment Agreement: The Assignment, Assumption and Recognition Agreement, dated as of November 30, 2005, by and among the Seller, GreenPoint and the Trustee evidencing the assignment of the GreenPoint Servicing Agreement to the Trust.

GreenPoint Servicing Agreement: The Purchase, Warranties and Servicing Agreement, dated as of September 1, 2003, between Seller and GreenPoint, as modified by the GreenPoint Assignment Agreement.

Indemnified Persons: The Trustee, the Master Servicer, the Company, the Trust Fund and the Securities Administrator and their officers, directors, agents and employees and, with respect to the Trustee, any separate co-trustee and its officers, directors, agents and employees.

Individual Certificate: Any Private Certificate registered in the name of the Holder other than the Depository or its nominee.

Initial Certificate Principal Balance: With respect to any Certificate (other than the Class A-2 Certificate), the Certificate Principal Balance of such Certificate or any predecessor Certificate on the Closing Date.

Institutional Accredited Investor: Any Person meeting the requirements of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act or any entity all of the equity Holders in which come within such paragraphs.

Insurance Policy: With respect to any Mortgage Loan included in the Trust Fund, any insurance policy or LPMI Policy, including all riders and endorsements thereto in effect with respect to such Mortgage Loan, including any replacement policy or policies for any Insurance Policies.

Insurance Proceeds: Proceeds paid in respect of the Mortgage Loans pursuant to any Insurance Policy or any other insurance policy covering a Mortgage Loan, to the extent such proceeds are payable to the mortgagee under the Mortgage, the Company, the related Servicer or the trustee under the deed of trust and are not applied to the restoration of the related Mortgaged Property or released to the Mortgagor in accordance with the procedures that the Company or the related Servicer would follow in servicing mortgage loans held for its own account, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

Insured Expenses: Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

Interest Accrual Period: With respect to the Class A-5 and Class C Certificates and any Distribution Date, the calendar month immediately preceding such Distribution Date. With respect to the Class A-1, Class A-2, Class A-3, Class A-4, Class M and Class B Certificates and any Distribution Date, the period from and including the 25th day of the calendar month preceding the calendar month in which the Distribution Date occurs (or, with respect to the first Interest Accrual Period for the Class M Certificates and Class B Certificates, the Closing Date) to and including the 24th day of the calendar month in which such Distribution Date occurs. All calculations of interest on the Class A Certificates and Class C Certificates will be made on the basis of a 360-day year consisting of twelve 30-day months. All calculations of interest on the Class M Certificates and Class B Certificates will be made on the basis of the actual number of days elapsed in the related Interest Accrual Period.

Interest Determination Date: Shall mean the second LIBOR Business Day preceding the commencement of each Interest Accrual Period.

Interest Funds: For any Distribution Date, (i) the sum, without duplication, of (a) all scheduled interest during the related Due Period with respect to the related Mortgage Loans less the Servicing Fee, the Master Servicing Fee and the LPMI Fee, if any, (b) all Advances relating to interest with respect to the related Mortgage Loans made on or prior to the related Distribution Account Deposit Date, (c) all Compensating Interest with respect to the related Mortgage Loans required to be remitted by the Company or the Master Servicer pursuant to this Agreement or the related Servicer pursuant to the related Servicing Agreement with respect to such Distribution Date, (d) Liquidation Proceeds and Subsequent Recoveries with respect to the related Mortgage Loans collected during the related Prepayment Period (to the extent such Liquidation Proceeds and Subsequent Recoveries relate to interest), (e) all amounts relating to interest with respect to each Mortgage Loan repurchased by the Seller pursuant to Sections 2.02 and 2.03 and by EMC pursuant to Section 4.20 and (f) all amounts in respect of interest paid by the Master Servicer pursuant to Section 11.01, in each case to the extent remitted by the Company or the related Servicer, as applicable, to the Distribution Account pursuant to this Agreement or the related Servicing Agreement, minus (ii) all amounts relating to interest required to be reimbursed pursuant to Sections 5.02, 5.05, 5.07 and 5.09 or as otherwise set forth in this Agreement.

Interest Rate Cap: With respect to the Class A-1 Certificates and Class A-2 Certificates, will be calculated based on an assumed certificate with a Certificate Principal Balance equal to the Certificate Principal Balance of the Class A-1 Certificates and a fixed pass-through rate of 5.50% per annum and a rate increase of 0.50% per annum after the optional termination date. If the weighted average of the Net Mortgage Rates on the Mortgage Loans is less than 5.50% per annum (or, after the Optional Termination Date, 6.00% per annum), the amount of the shortfall which would occur with respect to the assumed certificate will be allocated among the Class A-1 Certificates and Class A-2 Certificates in proportion to their current entitlements to interest calculated without regard to this cap.

With respect to the Class A-3 Certificates and Class A-4 Certificates, will be calculated based on an assumed certificate with a principal balance equal to the aggregate Certificate Principal Balance of the Class A-3 Certificates and Class A-4 Certificates and a fixed pass-through rate of 5.50% per annum and a rate increase of 0.50% per annum after the optional Termination Date. If the weighted average of the Net Mortgage Rates on the Mortgage Loans is less than 5.50% per annum (or, after the Optional Termination Date, 6.00% per annum), the amount of the shortfall which would occur with respect to the assumed certificate will be allocated among the Class A-3 Certificates and Class A-4 Certificates in proportion to their current entitlements to interest calculated without regard to this cap.

With respect to the Class A-5 Certificates and on any Distribution Date, the weighted average of the Net Mortgage Rates of the Mortgage Loans for such Distribution Date, minus the premium rate payable to the Class A-5 Insurer for providing the financial guaranty insurance policy with respect to the Class A-5 Certificates.

With respect to the Class M Certificates and Class B Certificates and any Distribution Date, the lesser of (i) 10.00% per annum and (ii) the weighted average of the Net Mortgage Rates of the Mortgage Loans for such Distribution Date.

For federal income tax purposes, the Interest Rate Cap shall equal with respect to each of the Class A, Class M and Class B Certificates, a rate equivalent to the foregoing for each such Certificate, calculated using the weighted average of the Uncertificated REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P) in place of the weighted average of the Net Mortgage Rates of the Mortgage Loans.

Interest Shortfall: With respect to any Distribution Date, means the aggregate shortfall, if any, in collections of interest (adjusted to the related Net Mortgage Rates) on Mortgage Loans resulting from (a) Principal Prepayments in full received during the related Prepayment Period, (b) the partial Principal Prepayments received during the related Prepayment Period to the extent applied prior to the Due Date in the month of the Distribution Date and (c) interest payments on certain of the Mortgage Loans being limited pursuant to the provisions of the Relief Act or similar state or local laws.

Last Scheduled Distribution Date: December 25, 2035.

Latest Possible Maturity Date: The Distribution Date following the final scheduled maturity date of the Mortgage Loan in the Trust Fund having the latest scheduled maturity date as of the Cut-off Date. For purposes of the Treasury regulations under Code Section 860A through 860G, the latest possible maturity date of each Regular Interest issued by REMIC I, REMIC II and REMIC III shall be the Latest Possible Maturity Date.

LIBOR Business Day: Shall mean a day on which banks are open for dealing in foreign currency and exchange in London and New York City.

Liquidated Loan: With respect to any Distribution Date, a defaulted Mortgage Loan that has been liquidated through deed-in-lieu of foreclosure, foreclosure sale, trustee's sale or other realization as provided by applicable law governing the real property subject to the related Mortgage and any security agreements and as to which the Company or the related Servicer has made a Final Recovery Determination with respect thereto.

Liquidation Proceeds: Amounts, other than Insurance Proceeds, received in connection with the partial or complete liquidation of a Mortgage Loan, whether through trustee's sale, foreclosure sale or otherwise, or in connection with any condemnation or partial release of a Mortgaged Property and any other proceeds received with respect to an REO Property, less the sum of related unreimbursed Advances, Servicing Fees and Servicing Advances and all expenses of liquidation, including property protection expenses and foreclosure and sale costs, including court and reasonable attorneys fees.

Loan-to-Value Ratio: The fraction, expressed as a percentage, the numerator of which is the original principal balance of the related Mortgage Loan and the denominator of which is the Appraised Value of the related Mortgaged Property.

Loss Allocation Limitation: The meaning specified in Section 6.05(c) hereof.

LPMI Fee: Shall mean the fee payable to the insurer for each Mortgage Loan subject to an LPMI Policy as set forth in such LPMI Policy.

LPMI Policy: A policy of mortgage guaranty insurance issued by an insurer meeting the requirements of Fannie Mae and Freddie Mac in which the Company or the related Servicer of the related Mortgage Loan is responsible for the payment of the LPMI Fee thereunder from collections on the related Mortgage Loan.

Majority Class C Certificateholder: Shall mean the Holder of a 50.01% or greater Percentage Interest in the Class C Certificates.

Marker Rate: With respect to REMIC II Regular Interest C and any Distribution Date, a per annum rate equal to two (2) times the weighted average of the Uncertificated REMIC I Pass-Through Rates for REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3, REMIC I Regular Interest B-4 and REMIC I Regular Interest ZZ, with the rate on each such REMIC I Regular Interest (other than REMIC I Regular Interest ZZ) subject to a cap equal to the Uncertificated REMIC II Pass-Through Rate for the Corresponding Interest and with the rate on REMIC I Regular Interest ZZ subject to a cap of zero for the purpose of this calculation; provided, however, that for this purpose, the calculation of the Uncertificated REMIC I Pass-Through Rate and the related cap with respect to REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4 shall be multiplied by a fraction, the numerator of which is the actual number of days in the Interest Accrual Period and the denominator of which is 30.

Master Servicer: Wells Fargo Bank, National Association, in its capacity as master servicer, and its successors and assigns.

Master Servicer Certification: A written certification covering servicing of the Mortgage Loans by the Company and all Servicers and signed by an officer of the Master Servicer that complies with (i) the Sarbanes-Oxley Act of 2002, as amended from time to time, and (ii) the February 21, 2003 Statement by the Staff of the Division of Corporation Finance of the Securities and Exchange Commission Regarding Compliance by Asset-Backed Issuers with Exchange Act Rules 13a-14 and 15d-14, as in effect from time to time; provided that if, after the Closing Date (a) the Sarbanes-Oxley Act of 2002 is amended, (b) the Statement referred to in clause (ii) is modified or superceded by any subsequent statement, rule or regulation of the Securities and Exchange Commission or any statement of a division thereof, or (c) any future releases, rules and regulations are published by the Securities and Exchange Commission from time to time pursuant to the Sarbanes-Oxley Act of 2002, which in any such case affects the form or substance of the required certification and results in the required certification being, in the reasonable judgment of the Master Servicer, materially more onerous than the form of the required certification as of the Closing Date, the Master Servicer Certification shall be as agreed to by the Master Servicer, the Depositor and the Seller following a negotiation in good faith to determine how to comply with any such new requirements.

Master Servicer Collection Account: The trust accounts or accounts created and maintained pursuant to Section 5.06 hereof, which shall be entitled "U.S. Bank National Association, as Trustee f/b/o Holders of Bear Stearns Asset Backed Securities I LLC, Asset Backed Certificates, Series 2005-AC9 - Master Servicer Collection Account".

Master Servicing Compensation: For any Distribution Date, the sum of the Master Servicing Fee and the Additional Master Servicing Compensation for such Distribution Date.

Master Servicing Fee: As to each Mortgage Loan and any Distribution Date, an amount equal to 1/12th of the Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the last day of the related Due Period.

Master Servicing Fee Rate: 0.01% per annum.

MERS: Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor thereto.

MERS® System: The system of recording transfers of Mortgages electronically maintained by MERS.

MIN: The Mortgage Identification Number for Mortgage Loans registered with MERS on the MERS® System.

MOM Loan: With respect to any Mortgage Loan, MERS acting as the mortgagee of such Mortgage Loan, solely as nominee for the originator of such Mortgage Loan and its successors and assigns, at the origination thereof.

Monthly Interest Distributable Amount: With respect to the Certificates (other than the Class P Certificates and Class R Certificates) for any Distribution Date, means an amount equal to the interest accrued during the related Interest Accrual Period at the applicable Pass-Through Rate on the Certificate Principal Balance (or Certificate Notional Amount) of such Certificate immediately prior to such Distribution Date less such Certificate's share of any Unpaid Interest Shortfall and the interest portion of any Realized Losses on the Mortgage Loans allocated to such Certificate pursuant to Section 1.02. The Monthly Interest Distributable Amount with respect to the Class A Certificates and Class C Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months. The Monthly Interest Distributable Amount with respect to the Subordinate Certificates is calculated on the basis of a 360-day year and the actual number of days elapsed during the related Interest Accrual Period. No Monthly Interest Distributable Amount will be payable with respect to any Class of Certificates after the Distribution Date on which the outstanding Certificate Principal Balance (or Certificate Notional Amount) of such Certificate has been reduced to zero.

Monthly Statement: The statement delivered to the Certificateholders pursuant to Section 6.06.

Moody's: Moody's Investors Service, Inc.

Mortgage: The mortgage, deed of trust or other instrument creating a first lien on or first priority ownership interest in an estate in fee simple in real property securing a Mortgage Note.

Mortgage File: The mortgage documents listed in Section 2.01 hereof pertaining to a particular Mortgage Loan and any additional documents delivered to the Trustee to be added to the Mortgage File pursuant to this Agreement.

Mortgage Loans: Such of the Mortgage Loans transferred and assigned to the Trustee pursuant to the provisions hereof, as from time to time are held as a part of the Trust Fund (including any REO Property), the mortgage loans so held being identified in the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property. Any mortgage loan that was intended by the parties hereto to be transferred to the Trust Fund as indicated by such Mortgage Loan Schedule which is in fact not so transferred for any reason including, without limitation, a breach of the representation contained in Section 2.03(b)(v) hereof, shall continue to be a Mortgage Loan hereunder until the Purchase Price with respect thereto has been paid to the Trust Fund.

Mortgage Loan Purchase Agreement: Shall mean the Mortgage Loan Purchase Agreement, dated as of November 30, 2005, between the Seller, as seller and the Depositor, as purchaser.

Mortgage Loan Purchase Price: The price, calculated as set forth in Section 11.01, to be paid in connection with the repurchase of the Mortgage Loans pursuant to Section 11.01.

Mortgage Loan Schedule: The list of Mortgage Loans (as from time to time amended by the Company or the Master Servicer to reflect the deletion of Deleted Mortgage Loans and the addition of Replacement Mortgage Loans pursuant to the provisions of this Agreement) transferred to the Trustee as part of the Trust Fund and from time to time subject to this Agreement, the initial Mortgage Loan Schedule being attached hereto as Exhibit B, setting forth the following information with respect to each Mortgage Loan:

- (i) the loan number;
- (ii) the Mortgage Rate in effect as of the Cut-off Date;
- (iii) the Servicer (or the Company, if it services the Mortgage Loan), the Servicing Fee Rate and the Master Servicing Fee Rate;
- (iv) the LPMI Fee, if applicable;
- (v) the Net Mortgage Rate in effect as of the Cut-off Date;
- (vi) the maturity date;
- (vii) the original principal balance;
- (viii) the Cut-off Date Principal Balance;
- (ix) the original term;
- (x) the remaining term;
- (xi) the property type; and
- (xii) the MIN with respect to each Mortgage Loan.

Such schedule shall also set forth the aggregate Cut-off Date Principal Balance for all of the Mortgage Loans.

Mortgage Note: The original executed note or other evidence of indebtedness of a Mortgagor under a Mortgage Loan.

Mortgage Rate: The annual rate of interest borne by a Mortgage Note.

Mortgaged Property: The underlying property securing a Mortgage Loan.

Mortgagor: The obligors on a Mortgage Note.

Net Interest Shortfalls: Shall mean Interest Shortfalls net of payments by the Company, the Servicer or the Master Servicer in respect of Compensating Interest.

Net Monthly Excess Cashflow: With respect to any Distribution Date, the sum of (a) any Overcollateralization Release Amount for such Distribution Date and (b) the Remaining Excess Spread for such Distribution Date.

Net Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the related Mortgage Rate less the sum of (i) the Servicing Fee Rate, (ii) the Master Servicing Fee Rate and (iii) the rate at which the LPMI Fee is calculated, if any.

Net WAC Rate Carryover Amount: With respect to each Class of Offered Certificates and any Distribution Date, an amount equal to the sum of (i) the excess, if any, of (x) the amount of interest such Class would have been entitled to receive on such Distribution Date if the Pass-Through Rate applicable to such Class would not have been limited by the applicable Interest Rate Cap on such Distribution Date over (y) the amount of interest paid to such Class on such Distribution Date plus (ii) the related Net WAC Rate Carryover Amount for the previous Distribution Date for such Class not previously distributed together with interest thereon at a rate equal to the Pass-Through Rate (without regard to the related Interest Rate Cap) for such Class for the most recently ended Interest Accrual Period.

Net WAC Reserve Fund: Shall mean the separate trust account created and maintained by the Securities Administrator pursuant to Section 6.08 hereof.

Net WAC Reserve Fund Deposit: With respect to the Net WAC Reserve Fund, an amount equal to \$5,000, which the Depositor shall deposit initially into the Net WAC Reserve Fund pursuant to Section 6.08 hereof.

Non-Book-Entry Certificate: Any Certificate other than a Book-Entry Certificate.

Nonrecoverable Advance: Any portion of an Advance previously made or proposed to be made by the Company or the Master Servicer pursuant to this Agreement or the related Servicer pursuant to the related Servicing Agreement, that, in the good faith judgment of the Company, the Master Servicer or the related Servicer, will not or, in the case of a proposed advance, would not, be ultimately recoverable by it from the related Mortgagor, related Liquidation Proceeds, Insurance Proceeds or otherwise.

Offered Certificates: Any of the Class A-1, Class A-2, Class A-3, Class A-4, Class A-5, Class M-1, Class M-2, Class M-3, Class B-1, Class B-2 and Class B-3 Certificates.

Officer's Certificate: A certificate (i) signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Vice President (however denominated), an Assistant Vice President, the Treasurer, the Secretary, or one of the assistant treasurers or assistant secretaries of the Depositor or the Master Servicer (or any other officer customarily performing functions similar to those performed by any of the above designated officers and also to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with a particular subject) or (ii), if provided for in this Agreement, signed by a Servicing Officer, as the case may be, and delivered to the Depositor, the Seller, the Securities Administrator, the Master Servicer and/or the Trustee, as the case may be, as required by this Agreement.

One-Month LIBOR: With respect to any Interest Accrual Period and the LIBOR Certificates, the rate determined by the Securities Administrator on the related Interest Determination Date on the basis of the rate for U.S. dollar deposits for one month that appears on Telerate Screen Page 3750 as of 11:00 a.m. (London time) on such Interest Determination Date. If such rate does not appear on such page (or such other page as may replace that page on that service, or if such service is no longer offered, such other service for displaying One-Month LIBOR or comparable rates as may be reasonably selected by the Securities Administrator), One-Month LIBOR for the applicable Interest Accrual Period will be the Reference Bank Rate. If no such quotations can be obtained by the Securities Administrator and no Reference Bank Rate is available, One-Month LIBOR shall be One-Month LIBOR applicable to the preceding Interest Accrual Period. The establishment of One-Month LIBOR on each Interest Determination Date by the Securities Administrator and the Securities Administrator's calculation of the rate of interest applicable to the LIBOR Certificates for the related Interest Accrual Period shall, in the absence of manifest error, be final and binding. One-Month LIBOR for the Class A-1 Certificates and Class A-2 Certificates and the first Interest Accrual Period will be approximately 4.19% per annum. One-Month LIBOR for the Class A-3 Certificates and Class A-4 Certificates and the first Interest Accrual Period will be approximately 4.09% per annum. One-Month LIBOR for the other LIBOR Certificates and any Interest Accrual Period shall be calculated as described above.

Opinion of Counsel: A written opinion of counsel, who may be counsel for the Seller, the Depositor, the Company or the Master Servicer, reasonably acceptable to each addressee of such opinion; provided that with respect to Section 2.05, 8.05, 8.07 or 12.01, or the interpretation or application of the REMIC Provisions, such counsel must (i) in fact be independent of the Seller, Depositor, the Company and the Master Servicer, (ii) not have any direct financial interest in the Seller, Depositor, the Company or the Master Servicer or in any affiliate of either, and (iii) not be connected with the Seller, Depositor, the Company or the Master Servicer as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Optional Termination: The termination of the Trust Fund created hereunder as a result of the purchase of all of the Mortgage Loans and any REO Property pursuant to the last sentence of Section 11.01 hereof.

Optional Termination Date: The first Distribution Date on which the Trust Fund may be terminated at the option of the Majority Class C Certificateholder as described under Section 11.01.

Original Value: The value of the property underlying a Mortgage Loan based, in the case of the purchase of the underlying Mortgaged Property, on the lower of an appraisal or the sales price of such property or, in the case of a refinancing, on an appraisal.

Originator: With respect to each Mortgage Loan, shall mean the originator set forth in the Mortgage Loan Schedule for such Mortgage Loan.

OTS: The Office of Thrift Supervision.

Outstanding: With respect to the Certificates as of any date of determination, all Certificates theretofore executed and authenticated under this Agreement except:

(a) Certificates theretofore canceled by the Securities Administrator or delivered to the Securities Administrator for cancellation; and

(b) Certificates in exchange for which or in lieu of which other Certificates have been executed and delivered by the Securities Administrator pursuant to this Agreement.

Outstanding Mortgage Loan: As of any date of determination, a Mortgage Loan with a Stated Principal Balance greater than zero that was not the subject of a Principal Prepayment in full, and that did not become a Liquidated Loan, prior to the end of the related Prepayment Period.

Overcollateralization Increase Amount: As of any Distribution Date, the lesser of (a) the excess, if any, of (i) the Overcollateralization Target Amount over (ii) the Overcollateralized Amount on such Distribution Date (after taking into account payments to the Offered Certificates of the Basic Principal Distribution Amount on such Distribution Date) and (b) the Excess Spread for such Distribution Date.

Overcollateralization Release Amount: With respect to any Distribution Date, the lesser of (x) the Principal Remittance Amount for such Distribution Date and (y) the excess, if any, of (i) the Overcollateralized Amount for such Distribution Date (assuming that 100% of the Principal Remittance Amount is applied as a principal payment on such Distribution Date) over (ii) the Overcollateralization Target Amount for such Distribution Date (with the amount pursuant to clause (y) deemed to be \$0 if the Overcollateralized Amount is less than or equal to the Overcollateralization Target Amount on that Distribution Date).

Overcollateralization Target Amount: With respect to any Distribution Date, \$3,471,332.88.

Overcollateralized Amount: With respect to any Distribution Date, is the excess, if any, of (a) the aggregate Stated Principal Balance of the Mortgage Loans as of the last day of the related Due Period over (b) the aggregate Certificate Principal Balance of the Class A, Class M and Class B Certificates (other than the Class A-2 Certificates) on such Distribution Date (after taking into account the payment of principal other than any Extra Principal Distribution Amount on such Certificates).

Ownership Interest: As to any Certificate, any ownership interest in such Certificate including any interest in such Certificate as the Holder thereof and any other interest therein, whether direct or indirect, legal or beneficial.

Pass-Through Rate: With respect to each Class of Certificates (other than the Class C Certificates), the Class A-1 Pass-Through Rate, Class A-2 Pass-Through Rate, Class A-3 Pass-Through Rate, Class A-4 Pass-Through Rate, Class A-5 Pass-Through Rate, Class M-1 Pass-Through Rate, Class M-2 Pass-Through Rate, Class M-3 Pass-Through Rate, Class B-1 Pass-Through Rate, Class B-2 Pass-Through Rate, Class B-3 Pass-Through Rate or Class B-4 Pass-Through Rate, as applicable.

With respect to the Class C Certificate, the Class C Certificate shall not have a Pass-Through Rate, but the Monthly Interest Distributable Amount for such Certificate and each Distribution Date shall be an amount equal to 100% of the amounts distributable to REMIC II Regular Interest C for such Distribution Date.

Paying Agent: Wells Fargo Bank, National Association, in its capacity as paying agent, and its successors and assigns.

Percentage Interest: With respect to any Certificate of a specified Class, the Percentage Interest set forth on the face thereof or the percentage obtained by dividing the Denomination of such Certificate by the aggregate of the Denominations of all Certificates of such Class.

Permitted Investments: At any time, any one or more of the following obligations and securities:

(i) obligations of the United States or any agency thereof, provided such obligations are backed by the full faith and credit of the United States;

(ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;

(iii) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;

(iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities (including the Trustee in its commercial banking capacity), provided that the commercial paper and/or long term unsecured debt obligations of such depository institution or trust company are then rated one of the two highest long-term and the highest short-term ratings of each such Rating Agency for such securities, or such lower ratings as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by any Rating Agency;

(v) demand or time deposits or certificates of deposit issued by any bank or trust company or savings institution to the extent that such deposits are fully insured by the FDIC;

(vi) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation containing, at the time of the issuance of such agreements, such terms and conditions as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by any such Rating Agency;

(vii) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (iv) above;

(viii) securities (other than stripped bonds, stripped coupons or instruments sold at a purchase price in excess of 115% of the face amount thereof) bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof which, at the time of such investment, have one of the two highest long term ratings of each Rating Agency (except if the Rating Agency is Moody's, such rating shall be the highest commercial paper rating of Moody's for any such securities), or such lower rating as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency;

(ix) interests in any money market fund (including any such fund managed or advised by the Trustee or Master Servicer or any affiliate thereof) which at the date of acquisition of the interests in such fund and throughout the time such interests are held in such fund has the highest applicable long term rating by each Rating Agency or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;

(x) short term investment funds sponsored by any trust company or banking association incorporated under the laws of the United States or any state thereof (including any such fund managed or advised by the Trustee or any affiliate thereof) which on the date of acquisition has been rated by each Rating Agency in their respective highest applicable rating category or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency; and

(xi) such other investments having a specified stated maturity and bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency;

provided, that no such instrument shall be a Permitted Investment if such instrument (i) evidences the right to receive interest only payments with respect to the obligations underlying such instrument, (ii) is purchased at a premium or (iii) is purchased at a deep discount; provided further that no such instrument shall be a Permitted Investment (A) if such instrument evidences principal and interest payments derived from obligations underlying such instrument and the

interest payments with respect to such instrument provide a yield to maturity of greater than 120% of the yield to maturity at par of such underlying obligations, or (B) if it may be redeemed at a price below the purchase price (the foregoing clause (B) not to apply to investments in units of money market funds pursuant to clause (vi) above); provided further that no amount beneficially owned by any REMIC may be invested in investments (other than money market funds) treated as equity interests for federal income tax purposes, unless the Master Servicer shall receive an Opinion of Counsel, at the expense of the Master Servicer, to the effect that such investment will not adversely affect the status of any such REMIC as a REMIC under the Code or result in imposition of a tax on any such REMIC. Permitted Investments that are subject to prepayment or call may not be purchased at a price in excess of par.

Permitted Transferee: Any Person (x) other than (i) the United States, any State or political subdivision thereof, any possession of the United States or any agency or instrumentality of any of the foregoing, (ii) a foreign government, International Organization or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in Section 521 of the Code) that is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by Section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in Section 860E(c)(1) of the Code) with respect to any Residual Certificate, (iv) rural electric and telephone cooperatives described in Section 1381(a)(2)(C) of the Code or (v) an electing large partnership within the meaning of Section 775(a) of the Code, (y) that is a citizen or resident of the United States, a corporation, partnership (other than a partnership that has any direct or indirect foreign partners) or other entity (treated as a corporation or a partnership for federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia, an estate whose income from sources without the United States is includible in gross income for United States federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust or if it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person and (z) other than any other Person so designated by the Trustee based upon an Opinion of Counsel addressed to the Trustee (which shall not be an expense of the Trustee) that states that the Transfer of an Ownership Interest in a Residual Certificate to such Person may cause REMIC I, REMIC II or REMIC III to fail to qualify as a REMIC at any time that any Certificates are Outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in Section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of Freddie Mac, a majority of its board of directors is not selected by such government unit.

Person: Any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

PHH: PHH Mortgage Corporation, and any successor thereto.

PHH Assignment Agreement: The Assignment, Assumption and Recognition Agreement, dated as of November 30, 2005, by and among the Seller, PHH, Bishop's Gate and the Trustee evidencing the assignment of the PHH Servicing Agreement to the Trust.

PHH Servicing Agreement: The Purchase, Warranties and Servicing Agreement, dated as of October 23, 2001, by and among the Seller, PHH, as successor to Cendant Mortgage Corporation, and Bishop's Gate, as modified by the PHH Assignment Agreement.

Prepayment Assumption: The applicable rate of prepayment, as described in the Prospectus Supplement relating to each Class of Offered Certificates.

Prepayment Charge: Any prepayment premium, penalty or charge payable by a Mortgagor in connection with any Principal Prepayment on a Mortgage Loan pursuant to the terms of the related Mortgage Note.

Prepayment Charge Waiver Amount: Any amount paid by the Company or related Servicer to the Master Servicer in respect of waived Prepayment Charges pursuant to Section 5.01(a).

Prepayment Interest Excess: With respect to any Distribution Date, for each EMC Mortgage Loan that was the subject of a Principal Prepayment in full or in part during the portion of the related Prepayment Period occurring between the first day of the calendar month in which such Distribution Date occurs and the Determination Date of the calendar month in which such Distribution Date occurs, an amount equal to interest (to the extent received) at the applicable Net Mortgage Rate on the amount of such Principal Prepayment for the number of days commencing on the first day of the calendar month in which such Distribution Date occurs and ending on the last date through which interest is collected from the related Mortgagor.

Prepayment Interest Shortfall: With respect to any Distribution Date, for each Mortgage Loan that was the subject of a partial Principal Prepayment, a Principal Prepayment in full, or that became a Liquidated Loan during the related Prepayment Period, (other than a Principal Prepayment in full resulting from the purchase of a Mortgage Loan pursuant to Section 2.02, 2.03, 4.20 or 11.01 hereof), the amount, if any, by which (i) one month's interest at the applicable Net Mortgage Rate on the Stated Principal Balance of such Mortgage Loan immediately prior to such prepayment (or liquidation), or in the case of a partial Principal Prepayment, on the amount of such prepayment (or liquidation proceeds) exceeds (ii) the amount of interest paid or collected in connection with such Principal Prepayment or such liquidation proceeds less the sum of (a) the related Servicing Fee, (b) the Master Servicing Fee and (c) the LPMI Fee, if any.

Prepayment Period: As to any Distribution Date and (i) each EMC Mortgage Loan, the period commencing on the 16th day of the month prior to the month in which the related Distribution Date occurs and ending on the 15th day of the month in which such Distribution Date occurs and (ii) any other Mortgage Loan, the period set forth in the related Servicing Agreement.

Primary Mortgage Insurance Policy: Any primary mortgage guaranty insurance policy issued in connection with a Mortgage Loan which provides compensation to a Mortgage Note

holder in the event of default by the obligor under such Mortgage Note or the related security instrument, if any or any replacement policy therefor through the related Interest Accrual Period for such Class relating to a Distribution Date.

Principal Distribution Amount: With respect to each Distribution Date, the sum of (a) the Basic Principal Distribution Amount for such Distribution Date and (b) any Extra Principal Distribution Amount for such Distribution Date.

Principal Funds: With respect to any Distribution Date, (i) the sum, without duplication, of (a) all scheduled principal collected on the Mortgage Loans during the related Due Period, (b) all Advances relating to principal made with respect to the Mortgage Loans on or prior to the Distribution Account Deposit Date, (c) Principal Prepayments with respect to the Mortgage Loans exclusive of Prepayment Charges or penalties collected during the related Prepayment Period, (d) the Stated Principal Balance of each Mortgage Loan that was repurchased by the Seller pursuant to Sections 2.02 or 2.03 or by EMC pursuant to Section 4.20, (e) the aggregate of all Substitution Adjustment Amounts with respect to the Mortgage Loans for the related Determination Date in connection with the substitution of Mortgage Loans pursuant to Section 2.03(c), (e) all Liquidation Proceeds and Subsequent Recoveries with respect to the Mortgage Loans collected during the related Prepayment Period (to the extent such Liquidation Proceeds and Subsequent Recoveries relate to principal) and remitted by the Company or the related Servicer to the Distribution Account pursuant to this Agreement or the related Servicing Agreement and (f) amounts in respect of principal paid by the Majority Class C Certificateholder pursuant to Section 11.01, minus (ii) all amounts required to be reimbursed pursuant to Sections 5.02, 5.05, 5.07 and 5.09 or as otherwise set forth in this Agreement.

Principal Remittance Amount: With respect to each Distribution Date, the sum of the amounts listed in clauses (a) through (e) of the definition of Principal Funds.

Principal Prepayment: Any Mortgagor payment or other recovery of (or proceeds with respect to) principal on a Mortgage Loan (including loans purchased or repurchased under Sections 2.02, 2.03, 4.20 and 11.01 hereof) that is received in advance of its scheduled Due Date and is not accompanied by an amount as to interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment. Partial Principal Prepayments shall be applied by the Company or the related Servicer, as appropriate, in accordance with the terms of the related Mortgage Note.

Private Certificates: Any of the Class B-4, Class P, Class C and Residual Certificates.

Prospectus Supplement: The Prospectus Supplement dated November 28, 2005 relating to the public offering of the Offered Certificates.

Protected Account: Each account established and maintained by the Company with respect to receipts on the Mortgage Loans and REO Property in accordance with Section 5.01 hereof or by the related Servicer in accordance with the related Servicing Agreement.

PUD: A Planned Unit Development.

Purchase Price: With respect to any Mortgage Loan required to be repurchased by the Seller pursuant to Section 2.02 or 2.03 hereof, an amount equal to the sum of (i) 100% of the outstanding principal balance of the Mortgage Loan as of the date of such purchase plus (ii) accrued interest thereon at the applicable Mortgage Rate through the first day of the month in which the Purchase Price is to be distributed to Certificateholders, reduced by any portion of the Servicing Fee, Servicing Advances and Advances payable to the purchaser of the Mortgage Loan plus and (iii) any costs and damages (if any) incurred by the Trust in connection with any violation of such Mortgage Loan of any predatory lending laws.

QIB: A Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act.

Rating Agency: Each of Moody's and S&P. If any such organization or its successor is no longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization, or other comparable Person, designated by the Depositor, notice of which designation shall be given to the Trustee. References herein to a given rating category of a Rating Agency shall mean such rating category without giving effect to any modifiers.

Realized Loss: With respect to each Mortgage Loan as to which a Final Recovery Determination has been made, an amount (not less than zero) equal to (i) the unpaid principal balance of such Mortgage Loan as of the commencement of the calendar month in which the Final Recovery Determination was made, plus (ii) accrued interest from the Due Date as to which interest was last paid by the Mortgagor through the end of the calendar month in which such Final Recovery Determination was made, calculated in the case of each calendar month during such period (A) at an annual rate equal to the annual rate at which interest was then accruing on such Mortgage Loan and (B) on a principal amount equal to the Stated Principal Balance of such Mortgage Loan as of the close of business on the Distribution Date during such calendar month, minus (v) the proceeds, if any, received in respect of such Mortgage Loan during the calendar month in which such Final Recovery Determination was made, net of amounts that are payable therefrom to the Company pursuant to this Agreement or the applicable Servicer pursuant to the related Servicing Agreement. In addition, to the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of the Realized Loss with respect to that Mortgage Loan will be reduced to the extent such recoveries are distributed to any Class of Subordinate Certificates or applied to increase Excess Spread on any Distribution Date.

With respect to any REO Property as to which a Final Recovery Determination has been made, an amount (not less than zero) equal to (i) the unpaid principal balance of the related Mortgage Loan as of the date of acquisition of such REO Property on behalf of REMIC I, plus (ii) accrued interest from the Due Date as to which interest was last paid by the Mortgagor in respect of the related Mortgage Loan through the end of the calendar month immediately preceding the calendar month in which such REO Property was acquired, calculated in the case of each calendar month during such period (A) at an annual rate equal to the annual rate at which interest was then accruing on the related Mortgage Loan and (B) on a principal amount equal to the Stated Principal Balance of the related Mortgage Loan as of the close of business on the Distribution Date during such calendar month, plus (iii) REO Imputed Interest for such REO Property for each calendar month commencing with the calendar month in which such REO Property was acquired and ending with the calendar month in which such Final Recovery

Determination was made, minus (iv) the aggregate of all unreimbursed Advances and Servicing Advances.

With respect to each Mortgage Loan which has become the subject of a Deficient Valuation, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation.

With respect to each Mortgage Loan which has become the subject of a Debt Service Reduction, the portion, if any, of the reduction in each affected Monthly Payment attributable to a reduction in the Mortgage Rate imposed by a court of competent jurisdiction. Each such Realized Loss shall be deemed to have been incurred on the Due Date for each affected Monthly Payment.

In addition, to the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of the Realized Loss with respect to that Mortgage Loan will be reduced to the extent such Subsequent Recoveries are applied to reduce the Certificate Principal Balance of any Class of Certificates on any Distribution Date.

Record Date: With respect to the Class A-5, Class C, Class P and Class R Certificates and any Distribution Date, the close of business on the last Business Day of the month preceding the month in which such Distribution Date occurs. With respect to any Distribution Date and the Class A-1, Class A-2, Class A-3, Class A-4, Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3 and Class B-4 Certificates, so long as such Certificates are Book-Entry Certificates, the Business Day preceding such Distribution Date, and otherwise, the close of business on the last Business Day of the month preceding the month in which such Distribution Date occurs.

Reference Banks: Shall mean leading banks selected by the Securities Administrator and engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, (ii) which have been designated as such by the Securities Administrator and (iii) which are not controlling, controlled by, or under common control with, the Depositor, the Seller or the Master Servicer.

Reference Bank Rate: With respect to any Interest Accrual Period shall mean the arithmetic mean, rounded upwards, if necessary, to the nearest whole multiple of 0.03125%, of the offered rates for United States dollar deposits for one month that are quoted by the Reference Banks as of 11:00 a.m., New York City time, on the related Interest Determination Date to prime banks in the London interbank market for a period of one month in an amount approximately equal to the aggregate Certificate Principal Balance of the Class A (other than the Class A-5 Certificates), Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3 and Class B-4 Certificates for such Interest Accrual Period, provided that at least two such Reference Banks provide such rate. If fewer than two offered rates appear, the Reference Bank Rate will be the arithmetic mean, rounded upwards, if necessary, to the nearest whole multiple of 0.03125%, of the rates quoted by one or more major banks in New York City, selected by the Securities Administrator, as of 11:00 a.m., New York City time, on such date for loans in United States dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Class A (other than the Class A-5 Certificates)

Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3 and Class B-4 Certificates for such Interest Accrual Period.

Regular Certificate: Any Certificate other than a Residual Certificate.

Regular Interest: A "regular interest" in a REMIC within the meaning of Section 860G(a)(1) of the Code.

Relief Act: The Servicemembers Civil Relief Act, as amended or any similar state or local law.

Remaining Excess Spread: With respect to any Distribution Date is the Excess Spread less the sum of (i) any Overcollateralization Increase Amount for such Distribution Date and (ii) any unpaid Class A-5 Reimbursement Amount related to interest or principal draws not previously paid to the Class A-5 Insurer other than pursuant to items (1) and (9) of clause *third* under Section 6.04(a).

REMIC: A "real estate mortgage investment conduit" within the meaning of Section 860D of the Code.

REMIC I: The segregated pool of assets described in Section 6.07(a).

REMIC I Interest Loss Allocation Amount: With respect to any Distribution Date, an amount equal to the product of (i) the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties then outstanding and (ii) the Uncertificated REMIC I Pass-Through Rate for REMIC I Regular Interest AA minus the Marker Rate, divided by (b) 12.

REMIC I Interests: The REMIC I Regular Interests and the Class R-1 Certificates.

REMIC I Overcollateralization Amount: With respect to any date of determination, (i) 1% of the aggregate Uncertificated Principal Balance of the REMIC I Regular Interests (other than REMIC I Regular Interest P) minus (ii) the aggregate Uncertificated Principal Balance of REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4, in each case as of such date of determination.

REMIC I Overcollateralization Target Amount: 1% of the Overcollateralization Target Amount.

REMIC I Principal Loss Allocation Amount: With respect to any Distribution Date, an amount equal to the product of (i) the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties then outstanding and (ii) 1 minus a fraction, the numerator of which is two (2) times the aggregate Uncertificated Principal Balance of REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4, and the denominator of which is the aggregate Uncertificated Principal Balance of REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I

Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3, REMIC I Regular Interest B-4 and REMIC I Regular Interest ZZ.

REMIC I Regular Interest ZZ Maximum Interest Deferral Amount: With respect to any Distribution Date, the excess of (i) accrued interest at the Uncertificated REMIC I Pass-Through Rate applicable to REMIC I Regular Interest ZZ for such Distribution Date on a balance equal to the Uncertificated Principal Balance of REMIC I Regular Interest ZZ minus the REMIC I Overcollateralization Amount, in each case for such Distribution Date, over (ii) the Uncertificated Accrued Interest on REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4 for such Distribution Date, with the rate on each such REMIC I Regular Interest subject to a cap equal to the Uncertificated REMIC II Pass-Through Rate for the Corresponding Interest; provided, however, that for this purpose, the calculation of the Uncertificated REMIC I Pass-Through Rate and the related cap with respect to REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4 shall be multiplied by a fraction, the numerator of which is the actual number of days in the Interest Accrual Period and the denominator of which is 30.

REMIC I Regular Interests: REMIC I Regular Interest AA, REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3, REMIC I Regular Interest B-4, REMIC I Regular Interest ZZ and REMIC I Regular Interest P.

REMIC I Regular Interest AA: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest AA shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest A-1: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest A shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest A-3: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest A-3 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest A-5: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest A-5 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest B-1: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest B-1 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest B-2: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest B-2 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest B-3: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest B-3 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest B-4: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest B-4 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest M-1: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest M-1 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest M-2: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest M-2 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest M-3: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest M-3 shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest P: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest P will not accrue interest and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC I Regular Interest ZZ: One of the separate non-certificated beneficial ownership interests in REMIC I issued hereunder and designated as a Regular Interest in REMIC I. REMIC I Regular Interest ZZ shall accrue interest at the related Uncertificated REMIC I Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II: The segregated pool of assets described in the Preliminary Statement consisting of the REMIC I Regular Interests.

REMIC II Interests: The REMIC II Regular Interests and the Class R-2 Certificates.

REMIC II Regular Interests: REMIC II Regular Interest A-1, REMIC II Regular Interest A-3, REMIC II Regular Interest A-5, REMIC II Regular Interest M-1, REMIC II Regular Interest M-2, REMIC II Regular Interest M-3, REMIC II Regular Interest B-1, REMIC II Regular Interest B-2, REMIC II Regular Interest B-3, REMIC II Regular Interest B-4, REMIC II Regular Interest C and REMIC II Regular Interest P.

REMIC II Regular Interest A-1: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest A-1 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest A-3: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest A-3 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest A-5: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest A-5 shall accrue interest at the related Uncertificated

REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest B-1: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest B-1 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest B-2: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest B-2 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest B-3: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest B-3 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest B-4: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest B-4 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest C: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest C shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time and shall not be entitled to distributions of principal.

REMIC II Regular Interest C Distribution Amount: With respect to any Distribution Date, the Uncertificated Accrued Interest for REMIC II Regular Interest C for such Distribution Date; provided, however, that on and after the Distribution Date on which the Certificate Principal Balance of the Offered Certificates and Class B-4 Certificates has been reduced to zero, the REMIC II Regular Interest C Distribution Amount shall include the Overcollateralized Amount.

REMIC II Regular Interest M-1: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest M-1 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of

principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest M-2: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest M-2 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest M-3: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest M-3 shall accrue interest at the related Uncertificated REMIC II Pass-Through Rate in effect from time to time, and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC II Regular Interest P: One of the separate non-certificated beneficial ownership interests in REMIC II issued hereunder and designated as a Regular Interest in REMIC II. REMIC II Regular Interest P will not accrue interest and shall be entitled to distributions of principal, subject to the terms and conditions hereof, in an aggregate amount equal to its initial Uncertificated Principal Balance as set forth in the Preliminary Statement hereto.

REMIC III: The segregated pool of assets described in the Preliminary Statement consisting of the REMIC II Regular Interests.

REMIC III Certificates: The Regular Certificates and the Class R-3 Certificates.

REMIC Opinion: Shall mean an Opinion of Counsel to the effect that the proposed action will not have an adverse affect on any REMIC created hereunder.

REMIC Provisions: Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of the Code, and related provisions, and proposed, temporary and final regulations and published rulings, notices and announcements promulgated thereunder, as the foregoing may be in effect from time to time as well as provisions of applicable state laws.

REMIC Regular Interest: Any of the REMIC I Regular Interests, the REMIC II Regular Interests or the Regular Interests the ownership of which is represented by the Class A-1, Class A-2, Class A-3 or Class A-4 Certificates.

Remittance Date: Shall mean (i) with respect to the Company, the Business Day immediately preceding the Distribution Account Deposit Date and (ii) with respect to the related Servicer, the date specified in the related Servicing Agreement.

Remittance Report: As defined in Section 6.04(d).

REO Imputed Interest: As to any REO Property, for any calendar month during which such REO Property was at any time part of REMIC I, one month's interest at the applicable Net Mortgage Rate on the Stated Principal Balance of such REO Property (or, in the case of the first such calendar month, of the related Mortgage Loan, if appropriate) as of the close of business on the Distribution Date in such calendar month.

REO Property: A Mortgaged Property acquired by the Company or the related Servicer through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Replacement Mortgage Loan: A Mortgage Loan or Mortgage Loans in the aggregate substituted by the Seller for a Deleted Mortgage Loan, which must, on the date of such substitution, as confirmed in a Request for Release, (i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not less than 90% of, the Stated Principal Balance of the Deleted Mortgage Loan; (ii) have a fixed Mortgage Rate not less than or more than 1% per annum higher than the Mortgage Rate of the Deleted Mortgage Loan; (iii) have the same or higher credit quality characteristics than that of the Deleted Mortgage Loan; (iv) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan; (v) have a remaining term to maturity no greater than (and not more than one year less than) that of the Deleted Mortgage Loan; (vi) not permit conversion of the Mortgage Rate from a fixed rate to a variable rate; (vii) have the same lien priority as the Deleted Mortgage Loan; (viii) constitute the same occupancy type as the Deleted Mortgage Loan or be owner occupied; and (ix) comply with each representation and warranty set forth in Section 2.03 hereof.

Repurchase Price: With respect to each Mortgage Loan, a price equal to (i) the outstanding principal balance of such Mortgage Loan, plus (ii) interest on such outstanding principal balance at the Mortgage Rate (net of the Servicing Fee Rate) from the last date through which interest has been paid to the end of the month of repurchase, less (iii) amounts advanced by the Company or the related Servicer in respect of such repurchased Mortgage Loan which are being held in the Master Servicer Collection Account for remittance to the Trustee (or the Securities Administrator on its behalf) plus (iv) any costs and damages (if any) incurred by the Trust in connection with any violation of such Mortgage Loan of any anti-predatory lending laws.

Request for Release: The Request for Release to be submitted by the Seller, the Company, the related Servicer or the Master Servicer to the Custodian substantially in the form of Exhibit G. Each Request for Release furnished to the Custodian by the Seller, the Company, the related Servicer or the Master Servicer shall be in duplicate and shall be executed by an officer of such Person or a Servicing Officer (or, if furnished electronically to the Custodian, shall be deemed to have been sent and executed by an officer of such Person or a Servicing Officer) of the Company or the related Servicer, as applicable.

Required Insurance Policy: With respect to any Mortgage Loan, any insurance policy that is required to be maintained from time to time under this Agreement or the related Servicing Agreement.

Residual Certificates: Any of the Class R-1, Class R-2 and Class R-3 Certificates, each evidencing the sole class of Residual Interests in the related REMIC.

Residual Interest: The sole class of "residual interests" in a REMIC within the meaning of Section 860G(a)(2) of the Code.

Responsible Officer: With respect to the Trustee, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, or any Trust Officer with specific responsibility for the transactions contemplated hereby, any other officer customarily performing functions similar to those performed by any of the above designated officers or other officers of the Trustee specified by the Trustee, as to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

S&P: Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

Scheduled Payment: The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan.

Securities Act: The Securities Act of 1933, as amended.

Securities Administrator: Wells Fargo Bank, National Association, in its capacity as securities administrator hereunder, and its successors and assigns.

Seller: EMC Mortgage Corporation, a Delaware corporation, and its successors and assigns, in its capacity as seller of the Mortgage Loans to the Depositor.

Senior Certificates: Any of the Class A-1, Class A-2, Class A-3, Class A-4 and Class A-5 Certificates.

Servicer: Shall mean any of GreenPoint, PHH or SunTrust.

Servicing Advances: All customary, reasonable and necessary "out of pocket" costs and expenses (including reasonable legal fees) incurred in the performance by the Company or the related Servicer of its servicing obligations hereunder or under the related Servicing Agreement, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any enforcement or judicial proceedings, including foreclosures, and including any expenses incurred in relation to any such proceedings that result from the Mortgage Loan being registered in the MERS® System, (iii) the management and liquidation of any REO Property (including, without limitation, realtor's commissions) and (iv) compliance with any obligations under Section 3.07 hereof to cause insurance to be maintained.

Servicing Agreement: Shall mean either the GreenPoint Servicing Agreement, PHH Servicing Agreement or SunTrust Servicing Agreement.

Servicing Fee: As to each Mortgage Loan and any Distribution Date, an amount equal to 1/12th of the Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the last day of the related Due Period.

Servicing Fee Rate: 0.250% per annum.

Servicing Modification: With respect to any Mortgage Loan that is in default or, in the reasonable judgment of the Company or the related Servicer, as to which default is reasonably

foreseeable, any modification which is effected by the Company or the related Servicer in accordance with the terms of this Agreement or the related Servicing Agreement which results in any change in the outstanding Stated Principal Balance, any change in the Mortgage Rate or any extension of the term of such Mortgage Loan.

Servicing Officer: Any officer of the Company or the related Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans (i) in the case of the Company, whose name and facsimile signature appear on a list of servicing officers furnished to the Trustee and the Class A-5 Insurer by the Company on the Closing Date pursuant to this Agreement, as such list may from time to time be amended and (ii) in the case of the related Servicer, as to which evidence reasonably acceptable to the Trustee, as applicable, of due authorization, by such party has been furnished from time to time to the Trustee.

Startup Day: The Startup Day for each REMIC formed hereunder shall be the Closing Date.

Stated Principal Balance: With respect to any Mortgage Loan or related REO Property and any Distribution Date, the Cut-off Date Principal Balance thereof minus the sum of (i) the principal portion of the Scheduled Payments due with respect to such Mortgage Loan during each Due Period ending prior to such Distribution Date (and irrespective of any delinquency in their payment), (ii) all Principal Prepayments with respect to such Mortgage Loan received prior to or during the related Prepayment Period, and all Liquidation Proceeds to the extent applied by the Company or the related Servicer as recoveries of principal in accordance with Section 3.09 or the related Servicing Agreement with respect to such Mortgage Loan, that were received by the Company or the related Servicer as of the close of business on the last day of the Prepayment Period related to such Distribution Date and (iii) any Realized Losses on such Mortgage Loan incurred during the related Prepayment Period. The Stated Principal Balance of a Liquidated Loan equals zero.

Subordinate Certificates: Any of the Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3 and Class B-4 Certificates.

Subsequent Recoveries: As of any Distribution Date, amounts received by the Master Servicer during the related Due Period or surplus amounts held by the Master Servicer to cover estimated expenses (including, but not limited to, recoveries in respect of the representations and warranties made by the Seller pursuant to the Mortgage Loan Purchase Agreement) specifically related to a Liquidated Mortgage Loan or disposition of an REO Property prior to the related Prepayment Period that resulted in a Realized Loss, after the liquidation or disposition of such Mortgage Loan.

Subservicing Agreement: Any agreement entered into between the Company and a subservicer with respect to the subservicing of any Mortgage Loan hereunder by such subservicer.

Substitution Adjustment Amount: The meaning ascribed to such term pursuant to Section 2.03(c).

Successor Master Servicer: The meaning ascribed to such term pursuant to Section 9.01.

SunTrust: SunTrust Mortgage, Inc. and any successor thereto.

SunTrust Assignment Agreement: The Assignment, Assumption and Recognition Agreement, dated as of November 30, 2005, by and among the Seller, SunTrust and the Trustee evidencing the assignment of the SunTrust Servicing Agreement to the Trust.

SunTrust Servicing Agreement: The Purchase Warranties and Servicing Agreement, dated as of January 1, 2002, as amended, between the Seller and SunTrust.

Tax Matters Person: The person designated as "tax matters person" in the manner provided under Treasury Regulation Sections 1.860F-4(d) and 301.6231(a)(7)-1T. The holder of the greatest Percentage Interest in a Class of Residual Certificates shall be the Tax Matters Person for the related REMIC. The Securities Administrator, or any successor thereto or assignee thereof, shall serve as tax administrator hereunder and as agent for the related Tax Matters Person.

Transaction Documents: This Agreement, the Mortgage Loan Purchase Agreement, the Custodial Agreement, the Class A-5 Insurance Agreement, the Indemnification Agreement (as defined in the Class A-5 Insurance Agreement) and the Underwriting Agreement.

Transfer Affidavit: As defined in Section 7.02(c).

Transfer: Any direct or indirect transfer or sale of any Ownership Interest in a Certificate.

Trust Fund: The corpus of the trust created hereunder consisting of (i) the Mortgage Loans and all interest accruing and principal due with respect thereto after the Cut-off Date to the extent not applied in computing the Cut-off Date Principal Balance thereof; (ii) the Class P Certificate Account, the Net WAC Reserve Fund, the Class A-1/A-2 Net WAC Reserve Account, the Class A-3/A-4 Net WAC Reserve Account, the Distribution Account, the Master Servicer Collection Account maintained by the Master Servicer and the Protected Accounts maintained by the Company and the Servicers and all amounts deposited therein pursuant to the applicable provisions of this Agreement and the Servicing Agreements; (iii) property that secured a Mortgage Loan and has been acquired by foreclosure, deed in lieu of foreclosure or otherwise; (iv) the mortgagee's rights under the Insurance Policies with respect to the Mortgage Loans; (v) the Servicing Agreements and the Assignment Agreements; (vi) the rights under the Mortgage Loan Purchase Agreement; (vii) for the benefit of the Class A-5 Certificate only, the Class A-5 Policy; (viii) the rights under the Yield Maintenance Agreement; and (ix) all proceeds of the foregoing, including proceeds of conversion, voluntary or involuntary, of any of the foregoing into cash or other liquid property. The Net WAC Reserve Fund, the Class A-1/A-2 Net WAC Reserve Account, the Class A-3/A-4 Net WAC Reserve Account and the Yield Maintenance Agreement shall constitute an asset of the Trust Fund but will not be included in REMIC I, REMIC II or REMIC III.

Trustee: U.S. Bank National Association, a national banking association, not in its individual capacity, but solely in its capacity as trustee for the benefit of the Certificateholders under this Agreement, and any successor thereto, and any corporation or national banking association resulting from or surviving any consolidation or merger to which it or its successors

may be a party and any successor trustee as may from time to time be serving as successor trustee hereunder.

Uncertificated Accrued Interest: With respect to each REMIC Regular Interest, on each Distribution Date, an amount equal to one month's interest at the related Uncertificated REMIC I Pass-Through Rate, Uncertificated REMIC II Pass-Through Rate or Uncertificated REMIC III Pass-Through Rate, as applicable, on the Uncertificated Principal Balance or Uncertificated Notional Amount of such REMIC Regular Interest. In each case, Uncertificated Accrued Interest will be reduced by any Unpaid Interest Shortfalls and interest portion of Realized Losses (allocated to such REMIC Regular Interests as set forth in Sections 1.02 and 6.05).

Uncertificated Notional Amount: With respect to REMIC II Regular Interest C, the aggregate Uncertificated Principal Balance of the REMIC I Regular Interests (other than REMIC I Regular Interest P). With respect to the Regular Interest the ownership of which is represented by the Class A-4 Certificates, an amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest A-3.

Uncertificated Principal Balance: With respect to each REMIC Regular Interest, the principal amount of such REMIC Regular Interest outstanding as of any date of determination. As of the Closing Date, the Uncertificated Principal Balance of each REMIC Regular Interest shall equal the amount set forth in the Preliminary Statement hereto as its initial Uncertificated Principal Balance. On each Distribution Date, the Uncertificated Principal Balance of each REMIC Regular Interest shall be reduced by all distributions of principal made on such REMIC Regular Interest on such Distribution Date pursuant to Section 6.07 and, if and to the extent necessary and appropriate, shall be further reduced on such Distribution Date by Realized Losses as provided in Section 6.05, and the Uncertificated Principal Balance of REMIC I Regular Interest ZZ shall be increased by interest deferrals as provided in Section 6.07(b)(i). The Uncertificated Principal Balance of each REMIC Regular Interest shall never be less than zero.

Uncertificated REMIC I Pass-Through Rate: With respect to any REMIC I Regular Interest other than REMIC I Regular Interest P and any Distribution Date, a per annum rate equal to the weighted average of the Net Mortgage Rates of the Mortgage Loans as of the first day of the related Due Period, weighted on the basis of the Stated Principal Balances thereof as of the first day of the related Due Period. With respect to REMIC I Regular Interest P and any Distribution Date, 0.00%.

Uncertificated REMIC II Pass-Through Rate:

With respect to the REMIC II Regular Interests, other than REMIC II Regular Interest C, REMIC II Regular Interest A-1, REMIC II Regular Interest A-3 and REMIC II Regular Interest A-5, a rate per annum equal to the Pass-Through Rate indicated for the Class of Corresponding Certificates as set forth in the Preliminary Statement.

With respect to REMIC II Regular Interest A-1 and (i) any Distribution Date which occurs on or prior to the Optional Termination Date, the lesser of (a) 5.50% per annum and (b) the weighted average of the Uncertificated REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest, and (ii) any

Distribution Date thereafter, the lesser of (a) 6.00% per annum and (b) the weighted average of the REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest.

With respect to REMIC II Regular Interest A-3 and (i) any Distribution Date which occurs on or prior to the Optional Termination Date, the lesser of (a) 5.50% per annum and (b) the weighted average of the Uncertificated REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest, and (ii) any Distribution Date thereafter, the lesser of (a) 6.00% per annum and (b) the weighted average of the REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest.

With respect to REMIC II Regular Interest A-5 and (i) any Distribution Date which occurs on or prior to the Optional Termination Date, the lesser of (a) 5.75% per annum plus the Class A-5 Insurer Premium Rate multiplied by 12 and (b) the weighted average of the Uncertificated REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest, and (ii) any Distribution Date thereafter, the lesser of (a) 6.25% per annum plus the Class A-5 Insurer Premium Rate multiplied by 12 and (b) the weighted average of the REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest.

With respect to REMIC II Regular Interest C, a rate per annum equal to the percentage equivalent of a fraction, the numerator of which is the sum of the amount determined for each REMIC I Regular Interest (other than REMIC I Regular Interest P) equal to (x) the excess of the Uncertificated REMIC I Pass-Through Rate for such REMIC I Regular Interest over the Marker Rate, applied to (y) a notional amount equal to the Uncertificated Principal Balance of such REMIC I Regular Interest, and the denominator of which is the aggregate Uncertificated Principal Balance of such REMIC I Regular Interests.

With respect to REMIC II Regular Interest P, 0.00% per annum.

Uncertificated REMIC III Pass-Through Rate:

With respect to REMIC III Regular Interest A-1 and any Distribution Date, a rate equal to One-Month LIBOR plus 0.60% per annum, subject to a cap equal to the weighted average Uncertificated REMIC II Pass-Through Rate for REMIC II Regular Interest A-1, weighted on the basis of the Uncertificated Principal Balance thereof immediately prior to such Distribution Date.

With respect to REMIC III Regular Interest A-2 and any Distribution Date, a rate equal to the excess, if any, of (A) the Uncertificated REMIC II Pass-Through Rate for REMIC II Regular Interest A-2 over (B) the lesser of (x) One-Month LIBOR plus 0.60% per annum and (y) the weighted average Uncertificated REMIC II Pass-Through Rate for REMIC II Regular Interest A-

2, weighted on the basis of the Uncertificated Principal Balance thereof immediately prior to such Distribution Date.

With respect to REMIC III Regular Interest A-3 and any Distribution Date, a rate equal to the least of (A) One-Month LIBOR plus 0.35% per annum, (B) 8.00% per annum and (C) the product of (x) the weighted average of the REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest, and (y) the quotient of (1) 1 over (2) 68.750%.

With respect to REMIC III Regular Interest A-4 and any Distribution Date, a rate equal to the excess, if any, of (A) the Uncertificated REMIC II Pass-Through Rate for REMIC II Regular Interest A-2 over (B) the least of (x) the product of (1) One-Month LIBOR plus 0.35% per annum and (2) 68.750%, (y) the product of (1) 8.00% per annum and (2) 68.750%, and (z) the weighted average of the REMIC I Pass-Through Rates on the REMIC I Regular Interests (other than REMIC I Regular Interest P), weighted on the basis of the Uncertificated Principal Balances of each such REMIC I Regular Interest.

Unpaid Interest Shortfalls: Shall mean Interest Shortfalls net of payments by the Company, the related Servicer or the Master Servicer in respect of Compensating Interest.

Voting Rights: The portion of the voting rights of all the Certificates that is allocated to any Certificate for purposes of the voting provisions hereunder. Voting Rights shall be allocated (i) 94.50% to the Certificates (other than the Class C, Class P and the Residual Certificates), (ii) 1% to the Class P Certificates, (iii) 3% to the Class C Certificates and (iv) 0.50% to each Class of Residual Certificates, with the allocation among the Certificates other than the Class C, Class P and Residual Certificates to be in proportion to the Certificate Principal Balance of each Class relative to the Certificate Principal Balance of all other such Classes. Voting Rights will be allocated among the Certificates of each such Class in accordance with their respective Percentage Interests.

Yield Maintenance Agreement: The Yield Maintenance Agreement, dated November 30, 2005 between the Trust (on behalf of the Class A-1 Certificateholders) and Bear Stearns Financial Products Inc.

Section 1.02 Allocation of Certain Interest Shortfalls.

For purposes of calculating the amount of the Monthly Interest Distributable Amount for the Class A-1, Class A-2, Class A-3, Class A-4, Class A-5, Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3, Class B-4 and Class C Certificates for any Distribution Date, (1) the aggregate amount of any Unpaid Interest Shortfalls in respect of the Mortgage Loans for any Distribution Date shall be allocated first, in reduction of amounts otherwise distributable to the Class C Certificates and Class R Certificates, and thereafter, among the Offered Certificates in proportion to the amount of the Monthly Interest Distributable Amount that would have been allocated to such Certificates in the absence of such Unpaid Interest Shortfalls, and (2) the interest portion of Realized Losses for the Mortgage Loans will be allocated first, to the Class C Certificates, based on, and to the extent of, one month's interest at the then applicable Pass-Through Rate on the Certificate Notional Amount thereof, second to the Class B-4

Certificates, third to the Class B-3 Certificates, fourth to the Class B-2 Certificates, fifth to the Class B-1 Certificates, sixth to the Class M-3 Certificates, seventh to the Class M-2 Certificates, and eighth to the Class M-1 Certificates, based on, and to the extent of, one month's interest at the then applicable respective Pass-Through Rates on the respective Certificate Principal Balances of each such Certificate.

For purposes of calculating the amount of Uncertificated Accrued Interest for the REMIC I Regular Interests (other than REMIC I Regular Interest P) for any Distribution Date, the aggregate amount of any Unpaid Interest Shortfalls incurred in respect of the Mortgage Loans for any Distribution Date shall be allocated first, to Uncertificated Accrued Interest payable to REMIC I Regular Interest AA and REMIC I Regular Interest ZZ up to an aggregate amount equal to the REMIC I Interest Loss Allocation Amount, 98% and 2%, respectively, and thereafter among REMIC I Regular Interest AA, REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3, REMIC I Regular Interest B-4 and REMIC I Regular Interest ZZ, pro rata in proportion to the amount of the Uncertificated Accrued Interest that would have been allocated to such REMIC I Regular Interests in the absence of such Unpaid Interest Shortfalls.

For purposes of calculating the amount of Uncertificated Accrued Interest for the REMIC II Regular Interests for any Distribution Date, the aggregate amount of any Unpaid Interest Shortfalls incurred in respect of the Mortgage Loans for any Distribution Date shall be allocated first to REMIC II Regular Interest C, and then, pro rata, to REMIC II Regular Interest A-1, REMIC II Regular Interest A-3, REMIC II Regular Interest A-5, REMIC II Regular Interest M-1, REMIC II Regular Interest M-2, REMIC II Regular Interest M-3, REMIC II Regular Interest B-1, REMIC II Regular Interest B-2, REMIC II Regular Interest B-3 and REMIC II Regular Interest B-4, in each case based on, and to the extent of, one month's interest at the then applicable respective Uncertificated REMIC II Pass-Through Rates on the respective Uncertificated Principal Balances of each such REMIC II Regular Interest.

ARTICLE II

CONVEYANCE OF TRUST FUND REPRESENTATIONS AND WARRANTIES

Section 2.01 Conveyance of Trust Fund.

Pursuant to the Mortgage Loan Purchase Agreement, the Seller sold, transferred, assigned, set over and otherwise conveyed to the Depositor, without recourse, all the right, title and interest of the Seller in and to the assets in the Trust Fund.

The Seller has entered into this Agreement in consideration for the purchase of the Mortgage Loans by the Depositor pursuant to the Mortgage Loan Purchase Agreement and has agreed to take the actions specified herein.

The Depositor, concurrently with the execution and delivery hereof, hereby sells, transfers, assigns, sets over and otherwise conveys to the Trustee for the use and benefit of the Certificateholders and the Class A-5 Insurer, without recourse, all the right, title and interest of the Depositor in and to the Trust Fund. In addition, on or prior to the Closing Date, the Depositor shall cause the Class A-5 Insurer to deliver the Class A-5 Policy to the Trustee with a copy to the Securities Administrator.

In connection with such sale, the Depositor has delivered to, and deposited with, the Trustee or the Custodian, as its agent, the following documents or instruments with respect to each Mortgage Loan so assigned: (i) the original Mortgage Note, including any riders thereto, endorsed without recourse (A) to the order of "U.S. Bank National Association, as Trustee for certificateholders of Bear Stearns Asset Backed Securities I LLC, Asset Backed Certificates, Series 2005-AC9," or (B) in the case of a loan registered on the MERS system, in blank, and in each case showing to the extent available to the Seller an unbroken chain of endorsements from the original payee thereof to the Person endorsing it to the Trustee, (ii) the original Mortgage and, if the related Mortgage Loan is a MOM Loan, noting the presence of the MIN and language indicating that such Mortgage Loan is a MOM Loan, which shall have been recorded (or if the original is not available, a copy), with evidence of such recording indicated thereon (or if clause (x) in the proviso below applies, shall be in recordable form), (iii) unless the Mortgage Loan is a MOM Loan, the assignment (either an original or a copy, which may be in the form of a blanket assignment if permitted in the jurisdiction in which the Mortgaged Property is located) to the Trustee of the Mortgage with respect to each Mortgage Loan in the name of "U.S. Bank National Association, as Trustee for certificateholders of Bear Stearns Asset Backed Securities I LLC, Asset Backed Certificates, Series 2005-AC9," which shall have been recorded (or if clause (x) in the proviso below applies, shall be in recordable form) (iv) an original or a copy of all intervening assignments of the Mortgage, if any, to the extent available to the Seller, with evidence of recording thereon, (v) the original policy of title insurance or mortgagee's certificate of title insurance or commitment or binder for title insurance, if available, or a copy thereof, or, in the event that such original title insurance policy is unavailable, a photocopy thereof, or in lieu thereof, a current lien search on the related Mortgaged Property and (vi) originals or copies of all available assumption, modification or substitution agreements, if any; provided, however, that in lieu of the foregoing, the Seller may deliver the following documents, under the circumstances set forth below: (x) if any Mortgage, assignment thereof to the Trustee or intervening

assignments thereof have been delivered or are being delivered to recording offices for recording and have not been returned in time to permit their delivery as specified above, the Depositor may deliver a true copy thereof with a certification by the Seller or the title company issuing the commitment for title insurance, on the face of such copy, substantially as follows: "Certified to be a true and correct copy of the original, which has been transmitted for recording"; and (y) in lieu of the Mortgage Notes relating to the Mortgage Loans identified in the list set forth in Exhibit I, the Depositor may deliver a lost note affidavit and indemnity and a copy of the original note, if available; and provided, further, however, that in the case of Mortgage Loans which have been prepaid in full after the Cut-off Date and prior to the Closing Date, the Depositor, in lieu of delivering the above documents, may deliver to the Trustee and its Custodian a certification of a Servicing Officer to such effect and in such case shall deposit all amounts paid in respect of such Mortgage Loans, in the Master Servicer Collection Account or in the Distribution Account on the Closing Date. In the case of the documents referred to in clause (x) above, the Depositor shall deliver such documents to the Trustee or its Custodian promptly after they are received. The Seller shall cause, at its expense, the Mortgage and intervening assignments, if any, and to the extent required in accordance with the foregoing, the assignment of the Mortgage to the Trustee to be submitted for recording promptly after the Closing Date; provided that the Seller need not cause to be recorded any assignment (a) in any jurisdiction under the laws of which, as evidenced by an Opinion of Counsel addressed to the Trustee and the Class A-5 Insurer delivered by the Seller to the Trustee and the Rating Agencies, the recordation of such assignment is not necessary to protect the Trustee's interest in the related Mortgage Loan or (b) if MERS is identified on the Mortgage or on a properly recorded assignment of the Mortgage as mortgagee of record solely as nominee for Seller and its successors and assigns. In the event that the Seller, the Depositor or the Master Servicer gives written notice to the Trustee that a court has recharacterized the sale of the Mortgage Loans as a financing, the Seller shall submit or cause to be submitted for recording as specified above or, should the Seller fail to perform such obligations, the Master Servicer shall cause each such previously unrecorded assignment to be submitted for recording as specified above at the expense of the Trust. In the event a Mortgage File is released to the Company or the Servicer as a result of such Person having completed a Request for Release, the Custodian shall, if not so completed, complete the assignment of the related Mortgage in the manner specified in clause (iii) above.

In connection with the assignment of any Mortgage Loan registered on the MERS® System, the Seller further agrees that it will cause, at the Seller's own expense, within 30 days after the Closing Date, the MERS® System to indicate that such Mortgage Loans have been assigned by the Seller to the Depositor and by the Depositor to the Trustee in accordance with this Agreement for the benefit of the Certificateholders by including (or deleting, in the case of Mortgage Loans which are repurchased in accordance and the Class A-5 Insurer with this Agreement) in such computer files (a) the code in the field which identifies the specific Trustee and (b) the code in the field "Pool Field" which identifies the series of the Certificates issued in connection with such Mortgage Loans. The Seller further agrees that it will not, and will not permit the Company, any Servicer or the Master Servicer to, and the Master Servicer agrees that it will not, alter the codes referenced in this paragraph with respect to any Mortgage Loan during the term of this Agreement unless and until such Mortgage Loan is repurchased in accordance with the terms of this Agreement or the Mortgage Loan Purchase Agreement.

The Depositor shall not be required to deliver intervening assignments or Mortgage Note endorsements between the related Underlying Seller and the Seller, between the Seller and the Depositor, and between the Depositor and the Trustee; and provided, further, however, that in the case of Initial Mortgage Loans which have been prepaid in full after the Cut-off Date and prior to the Closing Date, the Depositor, in lieu of delivering the above documents, may deliver to the Trustee or the Custodian, as its agent, a certification to such effect and shall deposit all amounts paid in respect of such Mortgage Loans in the Master Servicer Collection Account on the Closing Date.

Section 2.02 Acceptance of the Mortgage Loans.

(a) Based on the Initial Certification received by it from the Custodian, the Trustee acknowledges receipt of, subject to the further review and exceptions reported by the Custodian pursuant to the procedures described below, the documents (or certified copies thereof) delivered to the Trustee or the Custodian on its behalf pursuant to Section 2.01 and declares that it holds and will continue to hold directly or through a custodian those documents and any amendments, replacements or supplements thereto and all other assets of the Trust Fund delivered to it in trust for the use and benefit of all present and future Holders of the Certificates and the Class A-5 Insurer. On the Closing Date, the Trustee or the Custodian on its behalf will deliver to the Seller, the Trustee and the Class A-5 Insurer an Initial Certification confirming whether or not it has received the Mortgage File for each Mortgage Loan, but without review of such Mortgage File, except to the extent necessary to confirm whether such Mortgage File contains the original Mortgage Note or a lost note affidavit and indemnity in lieu thereof. No later than 90 days after the Closing Date, the Trustee or the Custodian on its behalf shall, for the benefit of the Certificateholders and the Class A-5 Insurer, review each Mortgage File delivered to it and execute and deliver to the Seller and the Class A-5 Insurer and, if reviewed by the Custodian, the Trustee, an Interim Certification. In conducting such review, the Trustee or the Custodian on its behalf will ascertain whether all required documents have been executed and received and whether those documents relate, determined on the basis of the Mortgagor name, original principal balance and loan number, to the Mortgage Loans identified in Exhibit B to this Agreement, as supplemented (provided, however, that with respect to those documents described in subclauses (iv) and (vi) of Section 2.01, such obligations shall extend only to documents actually delivered pursuant to such subclauses). In performing any such review, the Trustee and the Custodian may conclusively rely on the purported due execution and genuineness of any such document and on the purported genuineness of any signature thereon. If the Trustee or the Custodian on its behalf finds any document constituting part of the Mortgage File not to have been executed or received, or to be unrelated to the Mortgage Loans identified in Exhibit B or to appear to be defective on its face, the Trustee or the Custodian on its behalf shall include such information in the exception report. The Seller shall correct or cure any such defect or, if prior to the end of the second anniversary of the Closing Date, the Seller may substitute for the related Mortgage Loan a Replacement Mortgage Loan, which substitution shall be accomplished in the manner and subject to the conditions set forth in Section 2.03 or shall deliver to the Trustee and the Class A-5 Insurer an Opinion of Counsel addressed to the Trustee to the effect that such defect does not materially or adversely affect the interests of the Certificateholders or the Class A-5 Insurer in such Mortgage Loan (such determination to be made without regard to the Class A-5 Policy) within 60 days from the date of notice from the Trustee of the defect and if the Seller fails to correct or cure the defect or deliver such opinion within such period, the Seller will,

subject to Section 2.03, within 90 days from the notification of the Trustee purchase such Mortgage Loan at the Purchase Price; provided, however, that if such defect relates solely to the inability of the Seller to deliver the Mortgage, assignment thereof to the Trustee, or intervening assignments thereof with evidence of recording thereon because such documents have been submitted for recording and have not been returned by the applicable jurisdiction, the Seller shall not be required to purchase such Mortgage Loan if the Seller delivers such documents promptly upon receipt, but in no event later than 360 days after the Closing Date.

(b) No later than 180 days after the Closing Date, the Trustee or the Custodian on its behalf will review, for the benefit of the Certificateholders and the Class A-5 Insurer, the Mortgage Files and will execute and deliver or cause to be executed and delivered to the Seller and the Class A-5 Insurer and, if reviewed by the Custodian, the Trustee, a Final Certification. In conducting such review, the Trustee or the Custodian on its behalf will ascertain whether each document required to be recorded has been returned from the recording office with evidence of recording thereon and the Trustee or the Custodian on its behalf has received either an original or a copy thereof, as required in Section 2.01 (provided, however, that with respect to those documents described in subclauses (iv) and (vi) of Section 2.01, such obligations shall extend only to documents actually delivered pursuant to such subclauses). If the Trustee or the Custodian on its behalf finds any document with respect to a Mortgage Loan has not been received, or to be unrelated, determined on the basis of the Mortgagor name, original principal balance and loan number, to the Mortgage Loans identified in Exhibit B or to appear defective on its face, the Trustee or the Custodian on its behalf shall note such defect in the exception report attached to the Final Certification and shall promptly notify the Seller and the Class A-5 Insurer. The Seller shall correct or cure any such defect or, if prior to the end of the second anniversary of the Closing Date, the Seller may substitute for the related Mortgage Loan a Replacement Mortgage Loan, which substitution shall be accomplished in the manner and subject to the conditions set forth in Section 2.03 or shall deliver to the Trustee and the Class A-5 Insurer an Opinion of Counsel addressed to the Trustee to the effect that such defect does not materially or adversely affect the interests of Certificateholders or the Class A-5 Insurer in such Mortgage Loan (such determination to be made without regard to the Class A-5 Policy) within 60 days from the date of notice from the Trustee of the defect and if the Seller is unable within such period to correct or cure such defect, or to substitute the related Mortgage Loan with a Replacement Mortgage Loan or to deliver such opinion, the Seller shall, subject to Section 2.03, within 90 days from the notification of the Trustee, purchase such Mortgage Loan at the Purchase Price; provided, however, that if such defect relates solely to the inability of the Seller to deliver the Mortgage, assignment thereof to the Trustee or intervening assignments thereof with evidence of recording thereon, because such documents have not been returned by the applicable jurisdiction, the Seller shall not be required to purchase such Mortgage Loan, if the Seller delivers such documents promptly upon receipt, but in no event later than 360 days after the Closing Date.

(c) In the event that a Mortgage Loan is purchased by the Seller in accordance with Subsections 2.02(a) or (b) above or Section 2.03, the Seller shall remit the applicable Purchase Price to the Master Servicer for deposit in the Master Servicer Collection Account and shall provide written notice to the Trustee and the Class A-5 Insurer detailing the components of the Purchase Price, signed by a Servicing Officer. Upon deposit of the Purchase Price in the Master Servicer Collection Account and upon receipt of a Request for Release with respect to such

Mortgage Loan, the Trustee or the Custodian will release to the Seller the related Mortgage File and the Trustee shall execute and deliver all instruments of transfer or assignment, without recourse, representation or warranty furnished to it by the Seller, as are necessary to vest in the Seller title to and rights under the Mortgage Loan. Such purchase shall be deemed to have occurred on the date on which the deposit into the Master Servicer Collection Account was made. The Trustee shall promptly notify the Rating Agencies and the Class A-5 Insurer of such repurchase. The obligation of the Seller to cure, repurchase or substitute for any Mortgage Loan as to which a defect in a constituent document exists shall be the sole remedies respecting such defect available to the Certificateholders and the Class A-5 Insurer or to the Trustee on their behalf.

(d) The Seller shall deliver to the Trustee or the Custodian on its behalf, and Trustee agrees to accept the Mortgage Note and other documents constituting the Mortgage File with respect to any Replacement Mortgage Loan, which the Trustee or the Custodian will review as provided in Subsections 2.02(a) and 2.02(b), provided, that the Closing Date referred to therein shall instead be the date of delivery of the Mortgage File with respect to each Replacement Mortgage Loan.

Section 2.03 Representations, Warranties and Covenants of the Company, the Master Servicer and the Seller.

(a) The Company hereby represents and warrants to the Master Servicer, the Depositor, the Securities Administrator, the Trustee and the Class A-5 Insurer as follows, as of the Closing Date:

(i) It is duly organized and is validly existing and in good standing under the laws of the State of Delaware and is duly authorized and qualified to transact any and all business contemplated by this Agreement to be conducted by it in any state in which a Mortgaged Property related to an EMC Mortgage Loan is located or is otherwise not required under applicable law to effect such qualification and, in any event, is in compliance with the doing business laws of any such state, to the extent necessary to ensure its ability to enforce each EMC Mortgage Loan, to service the EMC Mortgage Loans in accordance with the terms of this Agreement and to perform any of its other obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(ii) It has the full corporate power and authority to service each EMC Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by this Agreement and any other Transaction Documents to which it is a party and has duly authorized by all necessary corporate action on its part the execution, delivery and performance of this Agreement and any other Transaction Documents to which it is a party; and this Agreement and any other Transaction Documents to which it is a party, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except that (a) the enforceability hereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) 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.

(iii) The execution and delivery of this Agreement and any other Transaction Documents to which it is a party by it, the servicing of the EMC Mortgage Loans by it under this Agreement, the consummation of any other of the transactions contemplated by this Agreement and any other Transaction Documents to which it is a party, and the fulfillment of or compliance with the terms hereof are in its ordinary course of business and will not (A) result in a material breach of any term or provision of its charter or by-laws or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which it is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to it of any court, regulatory body, administrative agency or governmental body having jurisdiction over it; and it is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair its ability to perform or meet any of its obligations under this Agreement and any other Transaction Documents to which it is a party.

(iv) It is an approved servicer of conventional mortgage loans for Fannie Mae or Freddie Mac and is a mortgagee approved by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act.

(v) No litigation is pending or, to the best of its knowledge, threatened, against it that would materially and adversely affect the execution, delivery or enforceability of this Agreement and any other Transaction Documents to which it is a party or its ability to service the EMC Mortgage Loans or to perform any of its other obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(vi) No consent, approval, authorization or order of any court or governmental agency or body is required for its execution, delivery and performance of, or compliance with, this Agreement and any other Transaction Documents to which it is a party or the consummation of the transactions contemplated hereby, or if any such consent, approval, authorization or order is required, it has obtained the same.

(b) Wells Fargo Bank, National Association, in its capacity as Master Servicer and Securities Administrator hereby represents and warrants to the Seller, the Depositor, the Trustee and the Class A-5 Insurer as follows, as of the Closing Date:

(i) It is a national banking association duly formed, validly existing and in good standing under the laws of the United States of America and is duly authorized and qualified to transact any and all business contemplated by this Agreement to be conducted by the Master Servicer and the Securities Administrator in any state in which a Mortgaged Property is located or is otherwise not required under applicable law to effect such qualification and, in any event, is in compliance with the doing business laws of any such state, to the extent necessary to ensure its ability to enforce each Mortgage Loan, to

service the Mortgage Loans in accordance with the terms of this Agreement and any other Transaction Documents to which it is a party to perform any of its other obligations under this Agreement in accordance with the terms hereof;

(ii) It has the full corporate power and authority to execute, deliver and perform, and to enter into and consummate the transactions contemplated by this Agreement and any other Transaction Documents to which it is a party and has duly authorized by all necessary corporate action on its part the execution, delivery and performance of this Agreement and any other Transaction Documents to which it is a party; and this Agreement and any other Transaction Documents to which it is a party, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except that (a) the enforceability hereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) 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.

(iii) The execution and delivery of this Agreement and any other Transaction Documents to which it is a party by it, the consummation of any other of the transactions contemplated by this Agreement, and any other Transaction Documents to which it is a party and the fulfillment of or compliance with the terms hereof are in its ordinary course of business and will not (A) result in a material breach of any term or provision of its charter or by-laws or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which it is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to it of any court, regulatory body, administrative agency or governmental body having jurisdiction over it; and it is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair its ability to perform or meet any of its obligations under this Agreement and any other Transaction Documents to which it is a party.

(iv) No litigation is pending or, to the best of its knowledge, threatened, against it that would materially and adversely affect the execution, delivery or enforceability of this Agreement and any other Transaction Documents to which it is a party or its ability to perform any of its other obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(v) No consent, approval, authorization or order of any court or governmental agency or body is required for its execution, delivery and performance of, or compliance with, this Agreement and any other Transaction Documents to which it is a party or the consummation of the transactions contemplated hereby, or if any such consent, approval, authorization or order is required, it has obtained the same.

(c) The Seller hereby represents and warrants to the Depositor, the Securities Administrator, the Master Servicer, the Trustee and the Class A-5 Insurer as follows, as of the Closing Date:

(i) The Seller is duly organized as a Delaware corporation and is validly existing and in good standing under the laws of the State of Delaware and is duly authorized and qualified to transact any and all business contemplated by this Agreement and any other Transaction Documents to which it is a party to be conducted by the Seller in any state in which a Mortgaged Property is located or is otherwise not required under applicable law to effect such qualification and, in any event, is in compliance with the doing business laws of any such state, to the extent necessary to ensure its ability to enforce each Mortgage Loan, to sell the Mortgage Loans in accordance with the terms of this Agreement and to perform any of its other obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(ii) The Seller has the full corporate power and authority to sell each Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by this Agreement and any other Transaction Documents to which it is a party and has duly authorized by all necessary corporate action on the part of the Seller the execution, delivery and performance of this Agreement and any other Transaction Documents to which it is a party; and this Agreement and any other Transaction Documents to which it is a party, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except that (a) the enforceability hereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) 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.

(iii) The execution and delivery of this Agreement and any other Transaction Documents to which it is a party by the Seller, the sale of the Mortgage Loans by the Seller under the Mortgage Loan Purchase Agreement, the consummation of any other of the transactions contemplated by this Agreement and any other Transaction Documents to which it is a party, and the fulfillment of or compliance with the terms hereof and thereof are in the ordinary course of business of the Seller and will not (A) result in a material breach of any term or provision of the charter or by-laws of the Seller or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which the Seller is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to the Seller of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Seller; and the Seller is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair the Seller's ability to perform or meet any of its obligations under this Agreement and any other Transaction Documents to which it is a party.

(iv) The Seller is an approved seller of conventional mortgage loans for Fannie Mae or Freddie Mac and is a mortgagee approved by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act.

(v) No litigation is pending or, to the best of the Seller's knowledge, threatened, against the Seller that would materially and adversely affect the execution, delivery or enforceability of this Agreement and any other Transaction Documents to which it is a party or the ability of the Seller to sell the Mortgage Loans or to perform any of its other obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(vi) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Seller of, or compliance by the Seller with, this Agreement and any other Transaction Documents to which it is a party or the consummation of the transactions contemplated hereby, or if any such consent, approval, authorization or order is required, the Seller has obtained the same.

(vii) As of the Closing Date, the representations and warranties concerning the Mortgage Loans set forth in Section 7 of the Mortgage Loan Purchase Agreement are true and correct in all material respects.

(d) Upon discovery by any of the parties hereto or the Class A-5 Insurer of a breach of a representation or warranty set forth in Section 7 of the Mortgage Loan Purchase Agreement that materially and adversely affects the interests of the Certificateholders or the Class A-5 Insurer in any Mortgage Loan (such determination to be made without regard to the Class A-5 Policy), the party discovering such breach shall give prompt written notice thereof to the other parties and the Class A-5 Insurer. The Seller hereby covenants with respect to the representations and warranties set forth in Section 7 of the Mortgage Loan Purchase Agreement, that within 90 days of the discovery of a breach of any representation or warranty set forth therein that materially and adversely affects the interests of the Certificateholders (such determination to be made without regard to the Class A-5 Policy) or the Class A-5 Insurer in any Mortgage Loan, it shall cure such breach in all material respects and, if such breach is not so cured, (i) if such 90-day period expires prior to the second anniversary of the Closing Date, remove such Mortgage Loan (a "Deleted Mortgage Loan") from the Trust Fund and substitute in its place a Replacement Mortgage Loan, in the manner and subject to the conditions set forth in this Section; or (ii) repurchase the affected Mortgage Loan or Mortgage Loans from the Trustee at the Purchase Price in the manner set forth below; provided that any such substitution pursuant to (i) above or repurchase pursuant to (ii) above shall not be effected prior to the delivery to the Trustee and the Class A-5 Insurer of an Opinion of Counsel if required by Section 2.05 hereof and any such substitution pursuant to (i) above shall not be effected prior to the additional delivery to the Trustee and the Class A-5 Insurer of a Request for Release. The Seller shall promptly reimburse the Master Servicer and the Trustee for any expenses reasonably incurred by the Master Servicer or the Trustee in respect of enforcing the remedies for such breach. To enable the Securities Administrator to amend the Mortgage Loan Schedule, the Seller shall, unless it cures such breach in a timely fashion pursuant to this Section 2.03, promptly notify the Securities Administrator whether it intends either to repurchase, or to substitute for, the Mortgage Loan affected by such breach. With respect to the representations and warranties in Section 7 of the Mortgage Loan

Purchase Agreement that are made to the best of the Seller's knowledge, if it is discovered by any of the Depositor, the Master Servicer, the Seller, the Securities Administrator, the Trustee or the Class A-5 Insurer that the substance of such representation and warranty is inaccurate and such inaccuracy materially and adversely affects the value of the related Mortgage Loan, notwithstanding the Seller's lack of knowledge with respect to the substance of such representation or warranty, the Seller shall nevertheless be required to cure, substitute for or repurchase the affected Mortgage Loan in accordance with the foregoing.

With respect to any Replacement Mortgage Loan or Loans, the Seller shall deliver to the Trustee (or the Custodian on its behalf) for the benefit of the Certificateholders and the Class A-5 Insurer such documents and agreements as are required by Section 2.01. No substitution shall be made in any calendar month after the Determination Date for such month. Scheduled Payments due with respect to Replacement Mortgage Loans in the Due Period related to the Distribution Date on which such proceeds are to be distributed shall not be part of the Trust Fund and shall be retained by the Seller. For the month of substitution, distributions to Certificateholders will include the Scheduled Payment due on any Deleted Mortgage Loan for the related Due Period and thereafter the Seller shall be entitled to retain all amounts received in respect of such Deleted Mortgage Loan. The Securities Administrator shall amend the Mortgage Loan Schedule for the benefit of the Certificateholders and the Class A-5 Insurer to reflect the removal of such Deleted Mortgage Loan and the substitution of the Replacement Mortgage Loan or Loans and the Securities Administrator shall deliver the amended Mortgage Loan Schedule to the Trustee, the Custodian and the Class A-5 Insurer. Upon such substitution, the Replacement Mortgage Loan or Loans shall be subject to the terms of this Agreement in all respects, and the Seller shall be deemed to have made with respect to such Replacement Mortgage Loan or Loans, as of the date of substitution, the representations and warranties set forth in Section 7 of the Mortgage Loan Purchase Agreement with respect to such Mortgage Loan. Upon any such substitution and the deposit into the Master Servicer Collection Account of the amount required to be deposited therein in connection with such substitution as described in the following paragraph and receipt by the Trustee of a Request for Release for such Mortgage Loan, the Trustee or the Custodian shall release to the Seller the Mortgage File relating to such Deleted Mortgage Loan and held for the benefit of the Certificateholders and the Class A-5 Insurer and the Trustee shall execute and deliver at the Seller's direction such instruments of transfer or assignment as have been prepared by the Seller, in each case without recourse, representation or warranty as shall be necessary to vest in the Seller, or its respective designee, title to the Trustee's interest in any Deleted Mortgage Loan substituted for pursuant to this Section 2.03.

For any month in which the Seller substitutes one or more Replacement Mortgage Loans for a Deleted Mortgage Loan, the Master Servicer will determine the amount (if any) by which the aggregate principal balance of all the Replacement Mortgage Loans as of the date of substitution is less than the Stated Principal Balance (after application of the principal portion of the Scheduled Payment due in the month of substitution) of such Deleted Mortgage Loan. An amount equal to the aggregate of such deficiencies, described in the preceding sentence for any Distribution Date (such amount, the "Substitution Adjustment Amount") shall be deposited into the Master Servicer Collection Account, by the Seller delivering such Replacement Mortgage Loan on the Determination Date for the Distribution Date relating to the Prepayment Period during which the related Mortgage Loan became required to be purchased or replaced hereunder.

In the event that the Seller shall have repurchased a Mortgage Loan, the Purchase Price therefor shall be deposited into the Master Servicer Collection Account maintained by the Master Servicer, on the Determination Date for the Distribution Date in the month following the month during which the Seller became obligated to repurchase or replace such Mortgage Loan and upon such deposit of the Purchase Price, the delivery of an Opinion of Counsel if required by Section 2.05 and the receipt of a Request for Release, the Trustee or the Custodian shall release the related Mortgage File held for the benefit of the Certificateholders and the Class A-5 Insurer to the Seller, and the Trustee shall execute and deliver at such Person's direction the related instruments of transfer or assignment prepared by the Seller, in each case without recourse, representation or warranty as shall be necessary to transfer title from the Trustee for the benefit of the Certificateholders and the Class A-5 Insurer and transfer the Trustee's interest to the Seller to any Mortgage Loan purchased pursuant to this Section 2.03. It is understood and agreed that the obligation under this Agreement of the Seller to cure, repurchase or replace any Mortgage Loan as to which a breach has occurred and is continuing shall constitute the sole remedies against the Seller respecting such breach available to Certificateholders, the Depositor or the Trustee.

(e) The representations and warranties set forth in Section 2.03 hereof shall survive delivery of the respective Mortgage Loans and Mortgage Files to the Trustee or the Custodian for the benefit of the Certificateholders and the Class A-5 Insurer.

Section 2.04 Representations and Warranties of the Depositor.

The Depositor hereby represents and warrants to the Master Servicer, the Securities Administrator, the Trustee and the Class A-5 Insurer as follows, as of the date hereof and as of the Closing Date:

(i) The Depositor is duly organized and is validly existing as limited liability company in good standing under the laws of the State of Delaware and has full power and authority necessary to own or hold its properties and to conduct its business as now conducted by it and to enter into and perform its obligations under this Agreement and any other Transaction Documents to which it is a party.

(ii) The Depositor has the full power and authority to execute, deliver and perform, and to enter into and consummate the transactions contemplated by, this Agreement and any other Transaction Documents to which it is a party and has duly authorized, by all necessary action on its part, the execution, delivery and performance of this Agreement and any other Transaction Documents to which it is a party; and this Agreement and any other Transaction Documents to which it is a party, assuming the due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Depositor, enforceable against the Depositor in accordance with its terms, subject, as to enforceability, to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and (ii) general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law.

(iii) The execution and delivery of this Agreement and any other Transaction Documents to which it is a party by the Depositor, the consummation of the transactions

contemplated by this Agreement and any other Transaction Documents to which it is a party, and the fulfillment of or compliance with the terms hereof are in the ordinary course of business of the Depositor and will not (A) result in a material breach of any term or provision of the organizational documents of the Depositor or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which the Depositor is a party or by which it may be bound or (C) constitute a material violation of any statute, order or regulation applicable to the Depositor of any court, regulatory body, administrative agency or governmental body having jurisdiction over the Depositor; and the Depositor is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair the Depositor's ability to perform or meet any of its obligations under this Agreement and any other Transaction Documents to which it is a party.

(iv) No litigation is pending, or, to the best of the Depositor's knowledge, threatened, against the Depositor that would materially and adversely affect the execution, delivery or enforceability of this Agreement and any other Transaction Documents to which it is a party or the ability of the Depositor to perform its obligations under this Agreement and any other Transaction Documents to which it is a party in accordance with the terms hereof.

(v) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Depositor of, or compliance by the Depositor with, this Agreement and any other Transaction Documents to which it is a party or the consummation of the transactions contemplated hereby, or if any such consent, approval, authorization or order is required, the Depositor has obtained the same.

The Depositor hereby represents and warrants to the Trustee and the Class A-5 Insurer as of the Closing Date, following the transfer of the Mortgage Loans to it by the Seller, the Depositor had good title to the Mortgage Loans and the related Mortgage Notes were subject to no offsets, claims, defenses or counterclaims.

It is understood and agreed that the representations and warranties set forth in the immediately preceding paragraph shall survive delivery of the Mortgage Files to the Trustee or the Custodian for the benefit of the Certificateholders and the Class A-5 Insurer. Upon discovery by the Depositor, the Trustee or the Class A-5 Insurer of a breach of such representations and warranties, the party discovering such breach shall give prompt written notice to the others and to each Rating Agency and the Class A-5 Insurer.

Section 2.05 Delivery of Opinion of Counsel in Connection with Substitutions and Repurchases.

(a) Notwithstanding any contrary provision of this Agreement, with respect to any Mortgage Loan that is not in default or as to which default is not imminent, no repurchase or substitution pursuant to Sections 2.02 or 2.03 shall be made unless the Seller delivers to the

Trustee, the Securities Administrator and the Class A-5 Insurer an Opinion of Counsel, addressed to the Trustee, the Securities Administrator and the Class A-5 Insurer, to the effect that such repurchase or substitution would not (i) result in the imposition of the tax on "prohibited transactions" of REMIC I, REMIC II or REMIC III or contributions after the Closing Date, as defined in Sections 860F(a)(2) and 860G(d) of the Code, respectively or (ii) cause any of REMIC I, REMIC II or REMIC III to fail to qualify as a REMIC at any time that any Certificates are outstanding. Any Mortgage Loan as to which repurchase or substitution was delayed pursuant to this paragraph shall be repurchased or the substitution therefor shall occur (subject to compliance with Sections 2.02 or 2.03) upon the earlier of (a) the occurrence of a default or imminent default with respect to such Mortgage Loan and (b) receipt by the Trustee and the Class A-5 Insurer of an Opinion of Counsel addressed to the Trustee to the effect that such repurchase or substitution, as applicable, will not result in the events described in clause (i) or clause (ii) of the preceding sentence.

(b) Upon discovery by the Depositor, the Seller, the Custodian, the Master Servicer or the Class A-5 Insurer that any Mortgage Loan does not constitute a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code, the party discovering such fact shall promptly (and in any event within 5 Business Days of discovery) give written notice thereof to the other parties and the Trustee. In connection therewith, the Trustee, or the Custodian on its behalf, shall require the Seller, at the Seller's option, to either (i) substitute, if the conditions in Section 2.03(c) with respect to substitutions are satisfied, a Replacement Mortgage Loan for the affected Mortgage Loan, or (ii) repurchase the affected Mortgage Loan within 90 days of such discovery in the same manner as it would a Mortgage Loan for a breach of representation or warranty contained in Section 2.03. The Trustee, or the Custodian on its behalf, shall reconvey to the Seller the Mortgage Loan to be released pursuant hereto (and the Custodian shall deliver the related Mortgage File) in the same manner, and on the same terms and conditions, as it would a Mortgage Loan repurchased for breach of a representation or warranty contained in Section 2.03.

Section 2.06 Countersignature and Delivery of Certificates.

(a) The Trustee acknowledges the sale, transfer and assignment to it of the Trust Fund and, concurrently with such transfer and assignment, the Securities Administrator has executed, countersigned and delivered, to or upon the order of the Depositor, the Certificates in authorized denominations evidencing the entire ownership of the Trust Fund. The Trustee agrees to hold the Trust Fund and exercise the rights referred to above for the benefit of all present and future Holders of the Certificates and the Class A-5 Insurer and to perform the duties set forth in this Agreement in accordance with its terms.

(b) The Depositor, concurrently with the execution and delivery hereof, does hereby transfer, assign, set over and otherwise convey in trust to the Trustee without recourse all the right, title and interest of the Depositor in and to the REMIC I Regular Interests and the other assets of REMIC II for the benefit of the holders of the REMIC II Interests. The Trustee acknowledges receipt of the REMIC I Regular Interests (which are uncertificated) and the other assets of REMIC II and declares that it holds and will hold the same in trust for the exclusive use and benefit of the holders of the REMIC II Interests.

(c) The Depositor, concurrently with the execution and delivery hereof, does hereby transfer, assign, set over and otherwise convey in trust to the Trustee without recourse all the

right, title and interest of the Depositor in and to the REMIC II Regular Interests and the other assets of REMIC III for the benefit of the holders of the REMIC III Certificates. The Trustee acknowledges receipt of the REMIC I Regular Interests (which are uncertificated) and the other assets of REMIC III and declares that it holds and will hold the same in trust for the exclusive use and benefit of the holders of the REMIC III Certificates.

ARTICLE III

ADMINISTRATION AND SERVICING OF EMC MORTGAGE LOANS BY COMPANY

Section 3.01 The Company.

The Company shall service and administer the EMC Mortgage Loans in accordance with customary and usual standards of practice of prudent mortgage loan servicers in the respective states in which the related Mortgaged Properties are located. In connection with such servicing and administration, the Company shall have full power and authority, acting alone and/or through subservicers as provided in Section 3.03, to do or cause to be done any and all things that it may deem necessary or desirable in connection with such servicing and administration, including but not limited to, the power and authority, subject to the terms hereof (i) to execute and deliver, on behalf of the Certificateholders, the Trustee and the Class A-5 Insurer, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any related Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages (but only in the manner provided herein), (iii) to collect any Insurance Proceeds and other Liquidation Proceeds or Subsequent Recoveries, and (iv) subject to Section 3.09, to effectuate foreclosure or other conversion of the ownership of the Mortgaged Property securing any EMC Mortgage Loan; provided that the Company shall take no action that is inconsistent with or prejudices the interests of the Trust Fund, the Class A-5 Insurer or the Certificateholders in any EMC Mortgage Loan or the rights and interests of the Depositor, the Trustee or the Class A-5 Insurer under this Agreement and any other Transaction Documents to which it is a party.

Without limiting the generality of the foregoing, the Company, in its own name or in the name of the Trust, the Depositor or the Trustee, is hereby authorized and empowered by the Trust, the Depositor and the Trustee, when the Company believes it appropriate in its reasonable judgment, to execute and deliver, on behalf of the Trustee, the Depositor, the Certificateholders or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the EMC Mortgage Loans, and with respect to the related Mortgaged Properties held for the benefit of the Certificateholders and the Class A-5 Insurer. The Company shall prepare and deliver to the Depositor and/or the Trustee such documents requiring execution and delivery by any or all of them as are necessary or appropriate to enable the Company to service and administer the EMC Mortgage Loans. Upon receipt of such documents, the Depositor and/or the Trustee shall execute such documents and deliver them to the Company.

In accordance with the standards of the first paragraph of this Section 3.01, the Company shall advance or cause to be advanced funds as necessary for the purpose of effecting the payment of taxes and assessments on the Mortgaged Properties relating to the EMC Mortgage Loans, which advances shall be reimbursable in the first instance from related collections from the Mortgagors pursuant to Section 5.04, and further as provided in Section 5.02. All costs incurred by the Company, if any, in effecting the timely payments of taxes and assessments on the Mortgaged Properties relating to the EMC Mortgage Loans and related insurance premiums shall not, for the purpose of calculating monthly distributions to the Certificateholders, be added to the Stated Principal Balance under the related EMC Mortgage Loans, notwithstanding that the terms of such Mortgage Loans so permit.

Section 3.02 Due-on-Sale Clauses; Assumption Agreements.

(a) Except as otherwise provided in this Section 3.02, when any property subject to a Mortgage has been or is about to be conveyed by the Mortgagor, the Company shall to the extent that it has knowledge of such conveyance, enforce any due-on-sale clause contained in any Mortgage Note or Mortgage, to the extent permitted under applicable law and governmental regulations, but only to the extent that such enforcement will not adversely affect or jeopardize coverage under any Required Insurance Policy. Notwithstanding the foregoing, the Company is not required to exercise such rights with respect to an EMC Mortgage Loan if the Person to whom the related Mortgaged Property has been conveyed or is proposed to be conveyed satisfies the terms and conditions contained in the Mortgage Note and Mortgage related thereto and the consent of the mortgagee under such Mortgage Note or Mortgage is not otherwise so required under such Mortgage Note or Mortgage as a condition to such transfer. In the event that the Company is prohibited by law from enforcing any such due-on-sale clause, or if coverage under any Required Insurance Policy would be adversely affected, or if nonenforcement is otherwise permitted hereunder, the Company is authorized, subject to Section 3.02(b), to take or enter into an assumption and modification agreement from or with the person to whom such property has been or is about to be conveyed, pursuant to which such person becomes liable under the Mortgage Note and, unless prohibited by applicable state law, the Mortgagor remains liable thereon, provided that the Mortgage Loan shall continue to be covered (if so covered before the Company enters such agreement) by the applicable Required Insurance Policies. The Company, subject to Section 3.02(b), is also authorized with the prior approval of the insurers under any Required Insurance Policies to enter into a substitution of liability agreement with such Person, pursuant to which the original Mortgagor is released from liability and such Person is substituted as Mortgagor and becomes liable under the Mortgage Note. Notwithstanding the foregoing, the Company shall not be deemed to be in default under this Section 3.02(a) by reason of any transfer or assumption that the Company reasonably believes it is restricted by law from preventing.

(b) Subject to the Company's duty to enforce any due-on-sale clause to the extent set forth in Section 3.02(a), in any case in which a Mortgaged Property has been conveyed to a Person by a Mortgagor, and such Person is to enter into an assumption agreement or modification agreement or supplement to the Mortgage Note or Mortgage that requires the signature of the Trustee, or if an instrument of release signed by the Trustee is required releasing the Mortgagor from liability on the related EMC Mortgage Loan, the Company shall prepare and deliver or cause to be prepared and delivered to the Trustee for signature and shall direct, in writing, the Trustee to execute the assumption agreement with the Person to whom the Mortgaged Property is to be conveyed and such modification agreement or supplement to the Mortgage Note or Mortgage or other instruments as are reasonable or necessary to carry out the terms of the Mortgage Note or Mortgage or otherwise to comply with any applicable laws regarding assumptions or the transfer of the Mortgaged Property to such Person. In connection with any such assumption, no material term of the Mortgage Note (including, but not limited to, the Mortgage Rate, the amount of the Scheduled Payment and any other term affecting the amount or timing of payment on the EMC Mortgage Loan) may be changed. In addition, the substitute Mortgagor and the Mortgaged Property must be acceptable to the Company in accordance with its servicing standards as then in effect. The Company shall notify the Trustee that any such substitution or assumption agreement has been completed by forwarding to the

Trustee the original of such substitution or assumption agreement, which in the case of the original shall be added to the related Mortgage File and shall, for all purposes, be considered a part of such Mortgage File to the same extent as all other documents and instruments constituting a part thereof. Any fee collected by the Company for entering into an assumption or substitution of liability agreement shall be retained by the Company as additional servicing compensation.

Section 3.03 Subservicers.

The Company shall perform all of its servicing responsibilities hereunder or may cause a subservicer to perform any such servicing responsibilities on its behalf, but the use by the Company of a subservicer shall not release the Company from any of its obligations hereunder and the Company shall remain responsible hereunder for all acts and omissions of each subservicer as fully as if such acts and omissions were those of the Company. The Company shall pay all fees of each subservicer from its own funds, and a subservicer's fee shall not exceed the Servicing Fee payable to the Company hereunder.

At the cost and expense of the Company, without any right of reimbursement from its Protected Account, the Company shall be entitled to terminate the rights and responsibilities of a subservicer and arrange for any servicing responsibilities to be performed by a successor subservicer; provided, however, that nothing contained herein shall be deemed to prevent or prohibit the Company, at the Company's option, from electing to service the related EMC Mortgage Loans itself. In the event that the Company's responsibilities and duties under this Agreement are terminated pursuant to Section 9.03, the Company shall at its own cost and expense terminate the rights and responsibilities of each subservicer effective as of the date of termination of the Company. The Company shall pay all fees, expenses or penalties necessary in order to terminate the rights and responsibilities of each subservicer from the Company's own funds without reimbursement from the Trust Fund.

Notwithstanding the foregoing, the Company shall not be relieved of its obligations hereunder and shall be obligated to the same extent and under the same terms and conditions as if it alone were servicing and administering the EMC Mortgage Loans. The Company shall be entitled to enter into an agreement with a subservicer for indemnification of the Company by the subservicer and nothing contained in this Agreement shall be deemed to limit or modify such indemnification.

Any subservicing agreement and any other transactions or services relating to the EMC Mortgage Loans involving a subservicer shall be deemed to be between such subservicer and the Company alone, and neither the Master Servicer nor the Trustee shall have any obligations, duties or liabilities with respect to such subservicer including any obligation, duty or liability of either the Master Servicer or the Trustee to pay such subservicer's fees and expenses. For purposes of remittances to the Master Servicer pursuant to this Agreement, the Company shall be deemed to have received a payment on an EMC Mortgage Loan when a subservicer has received such payment.

Section 3.04 Documents, Records and Funds in Possession of Company To Be Held for Trustee.

Notwithstanding any other provisions of this Agreement, the Company shall transmit to the Trustee as required by this Agreement all documents and instruments in respect of an EMC Mortgage Loan coming into the possession of the Company from time to time and shall account fully to the Trustee for any funds received by the Company or that otherwise are collected by the Company as Liquidation Proceeds or Insurance Proceeds in respect of any such Mortgage Loan. All Mortgage Files and funds collected or held by, or under the control of, the Company in respect of any EMC Mortgage Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds, including but not limited to, any funds on deposit in the Protected Account maintained by the Company, shall be held by the Company for and on behalf of the Trustee and shall be and remain the sole and exclusive property of the Trustee, subject to the applicable provisions of this Agreement. The Company also agrees that it shall not create, incur or subject any Mortgage File or any funds that are deposited in the Protected Account maintained by the Company or the Master Servicer Collection Account or in any Escrow Account, or any funds that otherwise are or may become due or payable to the Trustee for the benefit of the Certificateholders and the Class A-5 Insurer, to any claim, lien, security interest, judgment, levy, writ of attachment or other encumbrance, or assert by legal action or otherwise any claim or right of set off against any Mortgage File or any funds collected on, or in connection with, an EMC Mortgage Loan, except, however, that the Company shall be entitled to set off against and deduct from any such funds any amounts that are properly due and payable to the Company under this Agreement.

Section 3.05 Maintenance of Hazard Insurance.

The Company shall cause to be maintained, for each EMC Mortgage Loan, hazard insurance on buildings upon, or comprising part of, the Mortgaged Property against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the related Mortgaged Property is located with an insurer which is licensed to do business in the state where the related Mortgaged Property is located. Each such policy of standard hazard insurance shall contain, or have an accompanying endorsement that contains, a standard mortgagee clause. The Company shall also cause flood insurance to be maintained on property acquired upon foreclosure or deed in lieu of foreclosure of any EMC Mortgage Loan, to the extent described below. Pursuant to Section 5.01, any amounts collected by the Company under any such policies (other than the amounts to be applied to the restoration or repair of the related Mortgaged Property or property thus acquired or amounts released to the Mortgagor in accordance with the Company's normal servicing procedures) shall be deposited in the Protected Account maintained by the Company. Any cost incurred by the Company in maintaining any such insurance shall not, for the purpose of calculating monthly distributions to the Certificateholders or remittances to the Trustee (or Securities Administrator on its behalf) for their benefit, be added to the principal balance of the Mortgage Loan, notwithstanding that the terms of the EMC Mortgage Loan so permit. Such costs shall be recoverable by the Company out of late payments by the related Mortgagor or out of Liquidation Proceeds to the extent permitted by Section 5.02. It is understood and agreed that no earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance. If the Mortgaged Property is located at the time of origination of the related

EMC Mortgage Loan in a federally designated special flood hazard area and such area is participating in the national flood insurance program, the Company shall cause flood insurance to be maintained with respect to such EMC Mortgage Loan. Such flood insurance shall be in an amount equal to the least of (i) the Stated Principal Balance of the related EMC Mortgage Loan, (ii) minimum amount required to compensate for damage or loss on a replacement cost basis or (iii) the maximum amount of such insurance available for the related Mortgaged Property under the Flood Disaster Protection Act of 1973, as amended.

In the event that the Company shall obtain and maintain a blanket policy insuring against hazard losses on all of the EMC Mortgage Loans, it shall conclusively be deemed to have satisfied its obligations as set forth in the first sentence of this Section 3.05, it being understood and agreed that such policy may contain a deductible clause on terms substantially equivalent to those commercially available and maintained by comparable servicers. If such policy contains a deductible clause, the Company shall, in the event that there shall not have been maintained on the related Mortgaged Property a policy complying with the first sentence of this Section 3.05, and there shall have been a loss that would have been covered by such policy, deposit in the Protected Account maintained by the Company the amount not otherwise payable under the blanket policy because of such deductible clause. Such deposit shall be from the Company's own funds without reimbursement therefor. In connection with its activities as administrator and servicer of the EMC Mortgage Loans, the Company agrees to present, on behalf of itself, the Depositor and the Trustee for the benefit of the Certificateholders and the Class A-5 Insurer, claims under any such blanket policy.

Section 3.06 Presentment of Claims and Collection of Proceeds.

The Company shall prepare and present on behalf of the Trustee and the Certificateholders and the Class A-5 Insurer all claims under the Insurance Policies relating to the EMC Mortgage Loans and take such actions (including the negotiation, settlement, compromise or enforcement of the insured's claim) as shall be necessary to realize recovery under such Insurance Policies. Any proceeds disbursed to the Company in respect of such Insurance Policies shall be promptly deposited in the Protected Account maintained by the Company upon receipt, except that any amounts realized that are to be applied to the repair or restoration of the related Mortgaged Property as a condition precedent to the presentation of claims on the related EMC Mortgage Loan to the insurer under any applicable Insurance Policy need not be so deposited (or remitted).

Section 3.07 Maintenance of the Primary Mortgage Insurance Policies.

(a) The Company shall not take any action that would result in noncoverage under any applicable Primary Mortgage Insurance Policy of any loss which, but for the actions of the Company would have been covered thereunder. The Company shall use its best efforts to keep in force and effect (to the extent that the EMC Mortgage Loan requires the Mortgagor to maintain such insurance), Primary Mortgage Insurance applicable to each EMC Mortgage Loan. The Company shall not cancel or refuse to renew any such Primary Mortgage Insurance Policy that is in effect at the date of the initial issuance of the related Mortgage Note and is required to be kept in force hereunder.

(b) The Company agrees to present on behalf of the Trustee and the Certificateholders and the Class A-5 Insurer, claims to the insurer under any Primary Mortgage Insurance Policies relating to the EMC Mortgage Loans and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any Primary Mortgage Insurance Policies respecting defaulted EMC Mortgage Loans. Pursuant to Section 5.01, any amounts collected by the Company under any Primary Mortgage Insurance Policies shall be deposited in the Protected Account maintained by the Company, subject to withdrawal pursuant to Section 5.02 hereof.

Section 3.08 Fidelity Bond, Errors and Omissions Insurance.

The Company shall maintain, at its own expense, a blanket fidelity bond and an errors and omissions insurance policy, with broad coverage with responsible companies on all officers, employees or other persons acting in any capacity with regard to the EMC Mortgage Loans and who handle funds, money, documents and papers relating to the EMC Mortgage Loans. The fidelity bond and errors and omissions insurance shall be in the form of the Mortgage Banker's Blanket Bond and shall protect and insure the Company against losses, including forgery, theft, embezzlement, fraud, errors and omissions and negligent acts of such persons. Such fidelity bond shall also protect and insure the Company against losses in connection with the failure to maintain any insurance policies required pursuant to this Agreement and the release or satisfaction of an EMC Mortgage Loan which is not in accordance with Accepted Servicing Practices. No provision of this Section 3.08 requiring the fidelity bond and errors and omissions insurance shall diminish or relieve the Company from its duties and obligations as set forth in this Agreement. The minimum coverage under any such bond and insurance policy shall be at least equal to the corresponding amounts required by Accepted Servicing Practices. The Company shall deliver to the Master Servicer a certificate from the surety and the insurer as to the existence of the fidelity bond and errors and omissions insurance policy and shall obtain a statement from the surety and the insurer that such fidelity bond or insurance policy shall in no event be terminated or materially modified without thirty days prior written notice to the Master Servicer and the Trustee. The Company shall notify the Master Servicer and the Trustee within five business days of receipt of notice that such fidelity bond or insurance policy will be, or has been, materially modified or terminated. The Trustee for the benefit of the Certificateholders and the Class A-5 Insurer must be named as loss payees on the fidelity bond and as additional insured on the errors and omissions policy.

Section 3.09 Realization Upon Defaulted Mortgage Loans; Determination of Excess Liquidation Proceeds and Realized Losses; Repurchases of Certain Mortgage Loans.

(a) The Company shall use reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the EMC Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. In connection with such foreclosure or other conversion, the Company shall follow such practices and procedures as it shall deem necessary or advisable and as shall be normal and usual in its general mortgage servicing activities and the requirements of the insurer under any Required Insurance Policy; provided that the Company shall not be required to expend its own funds in connection with any foreclosure or towards the restoration of any property unless it shall determine (i) that such restoration and/or foreclosure will increase the proceeds of liquidation of the EMC Mortgage Loan after reimbursement to itself of such

expenses and (ii) that such expenses will be recoverable to it through Insurance Proceeds or Liquidation Proceeds (respecting which it shall have priority for purposes of withdrawals from the Protected Account maintained by the Company pursuant to Section 5.02). If the Company reasonably believes that Liquidation Proceeds with respect to any such EMC Mortgage Loan would not be increased as a result of such foreclosure or other action, such EMC Mortgage Loan will be charged-off and will become a Liquidated Loan. The Company will give notice of any such charge-off to the Trustee, the Securities Administrator and the Class A-5 Insurer. The Company shall be responsible for all other costs and expenses incurred by it in any such proceedings; provided that such costs and expenses shall be Servicing Advances and that it shall be entitled to reimbursement thereof from the proceeds of liquidation of the related Mortgaged Property, as contemplated in Section 5.02. If the Company has knowledge that a Mortgaged Property that the Company is contemplating acquiring in foreclosure or by deed-in-lieu of foreclosure is located within a one-mile radius of any site with environmental or hazardous waste risks known to the Company, the Company will, prior to acquiring the related Mortgaged Property, consider such risks and only take action in accordance with its established environmental review procedures.

With respect to any REO Property relating to an EMC Mortgage Loan, the deed or certificate of sale shall be taken in the name of the Trustee for the benefit of the Certificateholders and the Class A-5 Insurer (or the Trustee's nominee on behalf of the Certificateholders and the Class A-5 Insurer). The Trustee's name shall be placed on the title to such REO Property solely as the Trustee hereunder and not in its individual capacity. The Company shall ensure that the title to such REO Property references this Agreement and the Trustee's capacity hereunder. Pursuant to its efforts to sell such REO Property, the Company shall either itself or through an agent selected by the Company protect and conserve such REO Property in the same manner and to such extent as is customary in the locality where such REO Property is located and may, incident to its conservation and protection of the interests of the Certificateholders and the Class A-5 Insurer, rent the same, or any part thereof, as the Company deems to be in the best interest of the Company and the Certificateholders and the Class A-5 Insurer for the period prior to the sale of such REO Property. The Company shall prepare for and deliver to the Trustee and the Securities Administrator a statement with respect to each such REO Property that has been rented showing the aggregate rental income received and all expenses incurred in connection with the management and maintenance of such REO Property at such times as is necessary to enable the Trustee to comply with the reporting requirements of the REMIC Provisions. The net monthly rental income, if any, from such REO Property shall be deposited in the Protected Account maintained by the Company no later than the close of business on each Determination Date. The Company shall perform the tax reporting and withholding related to foreclosures, abandonments and cancellation of indebtedness income as specified by Sections 1445, 6050J and 6050P of the Code by preparing and filing such tax and information returns, as may be required.

In the event that the Trust Fund acquires any Mortgaged Property as aforesaid or otherwise in connection with a default or imminent default on an EMC Mortgage Loan, the Company shall dispose of such Mortgaged Property prior to three years after its acquisition by the Trust Fund or, at the expense of the Trust Fund, request more than 60 days prior to the day on which such three-year period would otherwise expire, an extension of the three-year grace period unless the Trustee and the Class A-5 Insurer shall have been supplied with an Opinion of

Counsel addressed to the Trustee and the Class A-5 Insurer (such opinion not to be an expense of the Trustee or the Class A-5 Insurer) to the effect that the holding by the Trust Fund of such Mortgaged Property subsequent to such three-year period will not result in the imposition of taxes on "prohibited transactions" of REMIC I, REMIC II or REMIC III as defined in Section 860F of the Code or cause either REMIC I, REMIC II or REMIC III to fail to qualify as a REMIC at any time that any Certificates are outstanding, in which case the Trust Fund may continue to hold such Mortgaged Property (subject to any conditions contained in such Opinion of Counsel). Notwithstanding any other provision of this Agreement, no Mortgaged Property acquired by the Trust Fund shall be rented (or allowed to continue to be rented) or otherwise used for the production of income by or on behalf of the Trust Fund in such a manner or pursuant to any terms that would (i) cause such Mortgaged Property to fail to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code or (ii) subject any of REMIC I, REMIC II or REMIC III to the imposition of any federal, state or local income taxes on the income earned from such Mortgaged Property under Section 860G(c) of the Code or otherwise, unless the Company has agreed to indemnify and hold harmless the Trust Fund with respect to the imposition of any such taxes.

The decision of the Company to foreclose on a defaulted EMC Mortgage Loan shall be subject to a determination by the Company that the proceeds of such foreclosure would exceed the costs and expenses of bringing such a proceeding. The income earned from the management of any Mortgaged Properties acquired through foreclosure or other judicial proceeding, net of reimbursement to the Company for expenses incurred (including any property or other taxes) in connection with such management and net of unreimbursed Servicing Fees, Advances, Servicing Advances and any management fee paid or to be paid with respect to the management of such Mortgaged Property, shall be applied to the payment of principal of, and interest on, the related defaulted EMC Mortgage Loans (with interest accruing as though such Mortgage Loans were still current) and all such income shall be deemed, for all purposes in the Agreement, to be payments on account of principal and interest on the related Mortgage Notes and shall be deposited into the Protected Account maintained by the Company. To the extent the income received during a Prepayment Period is in excess of the amount attributable to amortizing principal and accrued interest at the related Mortgage Rate on the related EMC Mortgage Loan, such excess shall be considered to be a partial Principal Prepayment for all purposes hereof.

The Liquidation Proceeds from any liquidation of an EMC Mortgage Loan, net of any payment to the Company as provided above, shall be deposited in the Protected Account maintained by the Company on the next succeeding Determination Date following receipt thereof for distribution on the related Distribution Date, except that any Excess Liquidation Proceeds shall be retained by the Company as additional servicing compensation.

The proceeds of any Liquidated Loan, as well as any recovery resulting from a partial collection of Liquidation Proceeds or any income from an REO Property, shall be applied in the following order of priority: first, to reimburse the Company for any related unreimbursed Servicing Advances and Servicing Fees, pursuant to Section 5.02 or this Section 3.09; second, to reimburse the Company for any unreimbursed Advances, pursuant to Section 5.02 or this Section 3.09; third, to accrued and unpaid interest (to the extent no Advance has been made for such amount) on the EMC Mortgage Loan or related REO Property, at the Net Mortgage Rate to the first day of the month in which such amounts are required to be distributed; and fourth, as a recovery of principal of the EMC Mortgage Loan.

(b) On each Determination Date, the Company shall determine the respective aggregate amounts of Excess Liquidation Proceeds and Realized Losses, if any, for the related Prepayment Period.

(c) The Company has no intent to foreclose on any EMC Mortgage Loan based on the delinquency characteristics as of the Closing Date; provided, that the foregoing does not prevent the Company from initiating foreclosure proceedings on any date hereafter if the facts and circumstances of such EMC Mortgage Loans including delinquency characteristics in the Company's discretion so warrant such action.

Section 3.10 Servicing Compensation.

As compensation for its activities hereunder, the Company shall be entitled to retain or withdraw from its Protected Account out of each payment of interest on an EMC Mortgage Loan included in the Trust Fund an amount equal to the Servicing Fee.

Additional servicing compensation in the form of any Excess Liquidation Proceeds, assumption fees, late payment charges, all Prepayment Interest Excess on any EMC Mortgage Loan, all income and gain net of any losses realized from Permitted Investments with respect to funds in or credited to the Protected Account maintained by the Company shall be retained by the Company to the extent not required to be deposited in the Protected Account maintained by the Company pursuant to Section 5.02. The Company shall be required to pay all expenses incurred by it in connection with its servicing activities hereunder (including payment of any premiums for hazard insurance, as required by Section 3.05 and maintenance of the other forms of insurance coverage required by Section 3.07) and shall not be entitled to reimbursement therefor except as specifically provided in Section 5.02.

EMC shall be entitled to retain any Prepayment Interest Excess pursuant to Section 5.07(c).

Section 3.11 REO Property.

(a) In the event the Trust Fund acquires ownership of any REO Property in respect of any related EMC Mortgage Loan, the deed or certificate of sale shall be issued to the Trustee, or to its nominee, on behalf of the related Certificateholders and the Class A-5 Insurer. The Company shall sell any such REO Property as expeditiously as possible and in accordance with the provisions of this Agreement. Pursuant to its efforts to sell such REO Property, the Company shall protect and conserve such REO Property in the manner and to the extent required herein, in accordance with the REMIC Provisions.

(b) The Company shall deposit all funds collected and received in connection with the operation of any REO Property in respect of any EMC Mortgage Loan into the Protected Account maintained by the Company.

(c) The Company, upon the final disposition of any REO Property in respect of any EMC Mortgage Loan, shall be entitled to reimbursement for any related unreimbursed Advances, unreimbursed Servicing Advances or Servicing Fees from Liquidation Proceeds received in connection with the final disposition of such REO Property; provided, that any such

unreimbursed Advances or Servicing Fees as well as any unpaid Servicing Fees may be reimbursed or paid, as the case may be, prior to final disposition, out of any net rental income or other net amounts derived from such REO Property.

Section 3.12 Liquidation Reports.

Upon the foreclosure of any Mortgaged Property relating to an EMC Mortgage Loan or the acquisition thereof by the Trust Fund pursuant to a deed-in-lieu of foreclosure, the Company shall submit a liquidation report to the Master Servicer containing such information as shall be mutually acceptable to the Company and the Master Servicer with respect to such Mortgaged Property.

Section 3.13 Annual Statement as to Compliance; Annual Certification.

(a) The Company will deliver to the Master Servicer and the Class A-5 Insurer not later than March 1, 2006 and not later than March 1 of each year thereafter, a certificate of a Servicing Officer stating, as to each signatory thereof, that (i) a review of the activities of the Company during the preceding calendar year and of performance under this Agreement has been made under such officers' supervision, and (ii) to the best of such officers' knowledge, based on such review, the Company has fulfilled all of its obligations under this 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 officers and the nature and status thereof except for such defaults as such officer in its good faith judgment believe to be immaterial.

(b) (i) The Company will deliver to the Master Servicer, on or before March 1 of each year beginning March 1, 2006 (or, if any such day is not a Business Day, the immediately preceding Business Day), or on any alternative date specified by the Master Servicer upon thirty (30) days written request, a certification containing the information set forth in Exhibit K. Such certification shall be signed by the senior officer in charge of servicing of the Company. In addition, the Company shall provide such other information with respect to the EMC Mortgage Loans and the servicing and administration thereof within the control of the Company which shall be required to enable the Master Servicer to comply with the reporting requirements of the Securities and Exchange Act of 1934, as amended.

(ii) The Company shall indemnify and hold harmless the Master Servicer and its officers, directors, agents and affiliates from and against any losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments and other costs and expenses arising out of or based upon a breach by the Company or any of its officers, directors, agents or affiliates of its obligations under this Section 3.13(b) or the Company's negligence, bad faith or willful misconduct in connection therewith. If the indemnification provided for herein is unavailable or insufficient to hold harmless the Master Servicer, then the Company agrees that it shall contribute to the amount paid or payable by the Master Servicer as a result of the losses, claims, damages or liabilities of the Master Servicer in such proportion as is appropriate to reflect the relative fault of the Master Servicer on the one hand and the Company on the other in connection with a breach of the Company's obligations under this Section 3.13(b).

Section 3.14 Annual Independent Certified Public Accountants' Servicing Report.

The Company 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 not later than March 1, 2006 and not later than March 1 of each year thereafter a statement, in a form acceptable for filing with the Commission on an Exhibit to Form 10-K, to the Master Servicer and the Class A-5 Insurer to the effect that, with respect to the preceding calendar year such firm has examined certain documents and records relating to the Company's servicing of mortgage loans of the same type as the EMC Mortgage Loans pursuant to servicing agreements substantially similar to this Agreement, which agreements may include this Agreement, and that, on the basis of such an examination, conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers, such firm is of the opinion that the Company's servicing has been conducted in compliance with the agreements examined pursuant to this Section 3.14, except for (i) such exceptions as such firm shall believe to be immaterial, (ii) such other exceptions as shall be set forth in such statement and (iii) such exceptions that the Uniform Single Attestation Program for Mortgage Bankers requires it to report.

Section 3.15 Books and Records.

The Company shall be responsible for maintaining, and shall maintain, a complete set of books and records for the EMC Mortgage Loans which shall be appropriately identified in the Company's computer system to clearly reflect the ownership of the EMC Mortgage Loans by the Trust. In particular, the Company shall maintain in its possession, available for inspection by the Master Servicer, the Trustee and the Class A-5 Insurer and shall deliver to Master Servicer, the Trustee and the Class A-5 Insurer upon demand, evidence of compliance with all federal, state and local laws, rules and regulations. To the extent that original documents are not required for purposes of realization of Liquidation Proceeds or Insurance Proceeds, documents maintained by the Company 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 Company complies with the requirements of Accepted Servicing Practices.

The Company shall maintain with respect to each EMC Mortgage Loan and shall make available for inspection by the Master Servicer, the Trustee and the Class A-5 Insurer the related servicing file during the time such EMC Mortgage Loan is subject to this Agreement and thereafter in accordance with applicable law.

ARTICLE IV

ADMINISTRATION AND MASTER SERVICING OF MORTGAGE LOANS BY MASTER SERVICER

Section 4.01 Master Servicer. The Master Servicer shall, beginning on the Closing Date, supervise, monitor and oversee the obligation of the Company and the related Servicer to service and administer their respective Mortgage Loans in accordance with the terms of this Agreement and the related Servicing Agreement and shall have full power and authority to do any and all things which it may deem necessary or desirable in connection with such master servicing and administration. In performing its obligations hereunder, the Master Servicer shall act in a manner consistent with Accepted Master Servicing Practices. Furthermore, the Master Servicer shall oversee and consult with the Company and the related Servicer as necessary from time-to-time to carry out the Master Servicer's obligations hereunder, shall receive, review and evaluate all reports, information and other data provided to the Master Servicer by the Company and the related Servicer and shall cause the Company and related Servicer to perform and observe the covenants, obligations and conditions to be performed or observed by such Person under this Agreement and the related Servicing Agreement. The Master Servicer shall independently and separately monitor the Company and the related Servicer's servicing activities with respect to each related Mortgage Loan, reconcile the results of such monitoring with such information provided in the previous sentence on a monthly basis and coordinate corrective adjustments to the Company's, the related Servicer's and Master Servicer's records, and based on such reconciled and corrected information, the Master Servicer shall provide such information to the Securities Administrator as shall be necessary in order for it to prepare the statements specified in Section 6.06 and any other information and statements required hereunder. The Master Servicer shall reconcile the results of its Mortgage Loan monitoring with the actual remittances of the Company and each Servicer pursuant to this Agreement and the related Servicing Agreement.

The Trustee shall furnish the Company, the Servicers and the Master Servicer with any powers of attorney and other documents in form as provided to it necessary or appropriate to enable the Company, the Servicer and the Master Servicer to service and administer the related Mortgage Loans and REO Property.

The Trustee or the Custodian on its behalf and the Securities Administrator shall provide access to the records and documentation in possession of the Trustee or the Custodian on its behalf or the Securities Administrator regarding the related Mortgage Loans and REO Property and the servicing thereof to the Class A-5 Insurer, the Certificateholders, the FDIC, and the supervisory agents and examiners of the FDIC, such access being afforded only upon reasonable prior written request and during normal business hours at the office of the Trustee, the Custodian or the Securities Administrator; provided, however, that, unless otherwise required by law, neither the Trustee, the Custodian nor the Securities Administrator shall be required to provide access to such records and documentation if the provision thereof would violate the legal right to privacy of any Mortgagor. The Trustee, the Custodian and the Securities Administrator shall allow representatives of the above entities to photocopy any of the records and documentation and shall provide equipment for that purpose at a charge that covers the Trustee's, the Custodian's or the Securities Administrator's actual costs.

The Trustee shall execute and deliver to the Company or the related Servicer and the Master Servicer any court pleadings, requests for trustee's sale or other documents necessary or desirable to (i) the foreclosure or trustee's sale with respect to a Mortgaged Property; (ii) any legal action brought to obtain judgment against any Mortgagor on the Mortgage Note or Security Instrument; (iii) obtain a deficiency judgment against the Mortgagor; or (iv) enforce any other rights or remedies provided by the Mortgage Note or Security Instrument or otherwise available at law or equity.

Section 4.02 REMIC-Related Covenants. For as long as each REMIC shall exist, the Trustee and the Securities Administrator shall act in accordance herewith to assure continuing treatment of such REMIC as a REMIC, and the Trustee and the Securities Administrator shall comply with any directions of the Seller, the Company, the Servicers or the Master Servicer to assure such continuing treatment. In particular, the Trustee shall not (a) sell or permit the sale of all or any portion of the Mortgage Loans or of any investment of deposits in an Account unless such sale is as a result of a repurchase of the Mortgage Loans pursuant to this Agreement or the Trustee has received a REMIC Opinion addressed to the Trustee prepared at the expense of the Trust Fund; and (b) other than with respect to a substitution pursuant to the Mortgage Loan Purchase Agreement or Section 2.03 of this Agreement, as applicable, accept any contribution to any REMIC after the Startup Day without receipt of a REMIC Opinion.

Section 4.03 Monitoring of Company and Servicer. (a) The Master Servicer shall be responsible for reporting to the Trustee and the Seller the compliance by the Company and the related Servicer with its duties under this Agreement and the related Servicing Agreement. In the review of the Company's and the related Servicer's activities, the Master Servicer may rely upon an Officer's Certificate of the Company and the related Servicer with regard to such Person's compliance with the terms of this Agreement or the related Servicing Agreement. In the event that the Master Servicer, in its judgment, determines that the Company or the related Servicer should be terminated in accordance with this Agreement or the related Servicing Agreement, or that a notice should be sent pursuant to this Agreement or the related Servicing Agreement with respect to the occurrence of an event that, unless cured, would constitute grounds for such termination, the Master Servicer shall notify the Seller, the Class A-5 Insurer and the Trustee thereof and the Master Servicer shall issue such notice or take such other action as it deems appropriate.

(b) The Master Servicer, for the benefit of the Trustee, the Certificateholders and the Class A-5 Insurer, shall enforce the obligations of the Company under this Agreement and the related Servicer under the related Servicing Agreement, and shall, in the event that the Company or the related Servicer fails to perform its obligations in accordance with this Agreement or the related Servicing Agreement, subject to the preceding paragraph, terminate the rights and obligations of such Person thereunder and act as servicer of the related Mortgage Loans or to cause the Trustee to enter into a new Servicing Agreement with a successor Servicer selected by the Master Servicer; provided, however, it is understood and acknowledged by the parties hereto that there shall be a period of transition (not to exceed 90 days) before the actual servicing functions can be fully transferred to such successor Servicer. Such enforcement, including, without limitation, the legal prosecution of claims, termination of the related Servicing Agreement and the pursuit of other appropriate remedies, shall be in such form and carried out to such an extent and at such time as the Master Servicer, in its good faith business judgment, would require were it the owner of the related Mortgage Loans. The Master Servicer shall pay the costs of such enforcement at its own expense, subject to its right of reimbursement pursuant

to the provisions of this Agreement or the related Servicing Agreement, provided that the Master Servicer shall not be required to prosecute or defend any legal action except to the extent that the Master Servicer shall have received reasonable indemnity for its costs and expenses in pursuing such action.

(c) To the extent that the costs and expenses of the Master Servicer related to any termination of the Company or the related Servicer, appointment of a successor Servicer or the transfer and assumption of servicing by the Master Servicer with respect to this Agreement or the related Servicing Agreement (including, without limitation, (i) all legal costs and expenses and all due diligence costs and expenses associated with an evaluation of the potential termination of the Company or the related Servicer as a result of an event of default by such Person and (ii) all costs and expenses associated with the complete transfer of servicing, including all servicing files and all servicing data and the completion, correction or manipulation of such servicing data as may be required by the successor servicer to correct any errors or insufficiencies in the servicing data or otherwise to enable the successor service to service the Mortgage Loans in accordance with this Agreement or the related Servicing Agreement) are not fully and timely reimbursed by the Company or the terminated Servicer, the Master Servicer shall be entitled to reimbursement of such costs and expenses from the Master Servicer Collection Account.

(d) The Master Servicer shall require the Company and the related Servicer to comply with the remittance requirements and other obligations set forth in this Agreement or the related Servicing Agreement, as applicable.

(e) If the Master Servicer acts as a servicer, it will not assume liability for the representations and warranties of the Company or the related Servicer, if any, that it replaces.

Section 4.04 Fidelity Bond.

The Master Servicer, at its expense, shall maintain in effect a blanket fidelity bond and an errors and omissions insurance policy, affording coverage with respect to all directors, officers, employees and other Persons acting on such Master Servicer's behalf, and covering errors and omissions in the performance of the Master Servicer's obligations hereunder. The errors and omissions insurance policy and the fidelity bond shall be in such form and amount generally acceptable for entities serving as master servicers or trustees.

Section 4.05 Power to Act; Procedures. The Master Servicer shall master service the Mortgage Loans and shall have full power and authority, subject to the REMIC Provisions and the provisions of Article XI hereof, to do any and all things that it may deem necessary or desirable in connection with the master servicing and administration of the Mortgage Loans, including but not limited to the power and authority (i) to execute and deliver, on behalf of the Certificateholders and the Trustee, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages, (iii) to collect any Insurance Proceeds and Liquidation Proceeds, and (iv) to effectuate foreclosure or other conversion of the ownership of the Mortgaged Property securing any Mortgage Loan, in each case, in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable; provided, however, that the Master Servicer shall not (and, consistent with its responsibilities under Section 4.03, shall not permit the Company or the related Servicer to) knowingly or intentionally take any action, or fail to take (or fail to cause to be

taken) any action reasonably within its control and the scope of duties more specifically set forth herein, that, under the REMIC Provisions, if taken or not taken, as the case may be, may cause REMIC I, REMIC II or REMIC III to fail to qualify as a REMIC or result in the imposition of a tax upon the Trust Fund (including but not limited to the tax on prohibited transactions as defined in Section 860F(a)(2) of the Code and the tax on contributions to a REMIC set forth in Section 860G(d) of the Code), unless the Master Servicer has received an Opinion of Counsel (but not at the expense of the Master Servicer) to the effect that the contemplated action will not cause REMIC I, REMIC II or REMIC III to fail to qualify as a REMIC or result in the imposition of a tax upon REMIC I, REMIC II or REMIC III, as the case may be. The Trustee shall furnish the Master Servicer, upon written request from a Servicing Officer, with any powers of attorney empowering the Master Servicer, the Company or the related Servicer to execute and deliver instruments of satisfaction or cancellation, or of partial or full release or discharge, and to foreclose upon or otherwise liquidate Mortgaged Property, and to appeal, prosecute or defend in any court action relating to the Mortgage Loans or the Mortgaged Property, in accordance with the related Servicing Agreement and this Agreement, and the Trustee shall execute and deliver such other documents, as the Master Servicer may request, to enable the Master Servicer to master service and administer the Mortgage Loans and carry out its duties hereunder, in each case in accordance with Accepted Master Servicing Practices (and the Trustee shall have no liability for misuse of any such powers of attorney by the Master Servicer, the Company or the related Servicer). If the Master Servicer or the Trustee has been advised that it is likely that the laws of the state in which action is to be taken prohibit such action if taken in the name of the Trustee or that the Trustee would be adversely affected under the "doing business" or tax laws of such state if such action is taken in its name, the Master Servicer shall join with the Trustee in the appointment of a co-trustee pursuant to Section 10.11 hereof. In the performance of its duties hereunder, the Master Servicer shall be an independent contractor and shall not, except in those instances where it is taking action in the name of the Trustee, be deemed to be the agent of the Trustee.

Section 4.06 Due-on-Sale Clauses; Assumption Agreements. To the extent provided in this Agreement or the related Servicing Agreement, to the extent Mortgage Loans contain enforceable due-on-sale clauses, the Master Servicer shall cause the Company and the related Servicer to enforce such clauses in accordance with this Agreement or the related Servicing Agreement. If applicable law prohibits the enforcement of a due-on-sale clause or such clause is otherwise not enforced in accordance with this Agreement or the related Servicing Agreement, and, as a consequence, a Mortgage Loan is assumed, the original Mortgagor may be released from liability in accordance with this Agreement or the related Servicing Agreement.

Section 4.07 Release of Mortgage Files. (a) Upon becoming aware of the payment in full of any Mortgage Loan, or the receipt by the Company or the related Servicer of a notification that payment in full has been escrowed in a manner customary for such purposes for payment to Certificateholders on the next Distribution Date, the Company or the related Servicer will, if required under the related Servicing Agreement (or if the Company or the related Servicer does not, the Master Servicer may), promptly furnish to the Custodian, on behalf of the Trustee, two copies of a certification substantially in the form of Exhibit G hereto signed by a Servicing Officer or in a mutually agreeable electronic format which will, in lieu of a signature on its face, originate from a Servicing Officer (which certification shall include a statement to the effect that all amounts received in connection with such payment that are required to be deposited in the Protected Account maintained by the Company or the Servicer pursuant to Article V or by the

related Servicer pursuant to the related Servicing Agreement have been or will be so deposited) and shall request that the Custodian, on behalf of the Trustee, deliver to the Company or the related Servicer the related Mortgage File. Upon receipt of such certification and request, the Custodian, on behalf of the Trustee, shall promptly release the related Mortgage File to the Company or the related Servicer and the Trustee and Custodian shall have no further responsibility with regard to such Mortgage File. Upon any such payment in full, the Company or the related Servicer is authorized, to give, as agent for the Trustee, as the mortgagee under the Mortgage that secured the Mortgage Loan, an instrument of satisfaction (or assignment of mortgage without recourse, representation or warranty) regarding the Mortgaged Property subject to the Mortgage, which instrument of satisfaction or assignment, as the case may be, shall be delivered to the Person or Persons entitled thereto against receipt therefor of such payment, it being understood and agreed that no expenses incurred in connection with such instrument of satisfaction or assignment, as the case may be, shall be chargeable to the Protected Account.

(b) From time to time and as appropriate for the servicing or foreclosure of any Mortgage Loan and in accordance with this Agreement or the related Servicing Agreement, the Trustee shall execute such documents as shall be prepared and furnished to the Trustee by the Company, the related Servicer or the Master Servicer (in form reasonably acceptable to the Trustee) and as are necessary to the prosecution of any such proceedings. The Custodian, on behalf of the Trustee, shall, upon the request of the Company, the related Servicer or the Master Servicer, and delivery to the Custodian, on behalf of the Trustee, of two copies of a request for release signed by a Servicing Officer substantially in the form of Exhibit G (or in a mutually agreeable electronic format which will, in lieu of a signature on its face, originate from a Servicing Officer), release the related Mortgage File held in its possession or control to the Company, the related Servicer or the Master Servicer, as applicable. Such trust receipt shall obligate the Company, the related Servicer or the Master Servicer to return the Mortgage File to the Custodian on behalf of the Trustee, when the need therefor by such Person no longer exists unless the Mortgage Loan shall be liquidated, in which case, upon receipt of a certificate of a Servicing Officer similar to that hereinabove specified, the Mortgage File shall be released by the Custodian, on behalf of the Trustee, to the Company, the related Servicer or the Master Servicer.

Section 4.08 Documents, Records and Funds in Possession of Master Servicer, Company and Servicer To Be Held for Trustee.

(a) The Master Servicer shall transmit and the Company or the related Servicer (to the extent required by this Agreement or the related Servicing Agreement) shall transmit to the Trustee or Custodian such documents and instruments coming into the possession of such Person from time to time as are required by the terms hereof, or in the case of the related Servicer, the related Servicing Agreement, to be delivered to the Trustee or Custodian. Any funds received by the Master Servicer, the Company or by the related Servicer in respect of any Mortgage Loan or which otherwise are collected by the Master Servicer, the Company or by the related Servicer as Liquidation Proceeds or Insurance Proceeds in respect of any Mortgage Loan shall be held for the benefit of the Trustee, the Certificateholders and the Class A-5 Insurer subject to the Master Servicer's right to retain or withdraw from the Master Servicer Collection Account, the Master Servicing Compensation and other amounts provided in this Agreement, and to the right of the Company and the related Servicer to retain its Servicing Fee and other amounts as provided in this Agreement or the related Servicing Agreement. The Master Servicer shall, and (to the extent

provided in this Agreement or the related Servicing Agreement) shall cause the Company and the related Servicer to, provide access to information and documentation regarding the Mortgage Loans to the Trustee, its agents and accountants at any time upon reasonable request and during normal business hours, and to Certificateholders that are savings and loan associations, banks or insurance companies, the Office of Thrift Supervision, the FDIC and the supervisory agents and examiners of such Office and Corporation or examiners of any other federal or state banking or insurance regulatory authority if so required by applicable regulations of the Office of Thrift Supervision or other regulatory authority, such access to be afforded without charge but only upon reasonable request in writing and during normal business hours at the offices of the Master Servicer designated by it. In fulfilling such a request the Master Servicer shall not be responsible for determining the sufficiency of such information.

(b) All Mortgage Files and funds collected or held by, or under the control of, the Master Servicer, in respect of any Mortgage Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds or Insurance Proceeds, shall be held by the Master Servicer for and on behalf of the Trustee and the Certificateholders and shall be and remain the sole and exclusive property of the Trustee; provided, however, that the Master Servicer, the Company and the related Servicer shall be entitled to setoff against, and deduct from, any such funds any amounts that are properly due and payable to the Master Servicer or such Servicer under this Agreement or the related Servicing Agreement.

Section 4.09 Standard Hazard Insurance and Flood Insurance Policies.

(a) For each Mortgage Loan, the Master Servicer shall enforce any obligation of the Company and the related Servicer under this Agreement or the related Servicing Agreement to maintain or cause to be maintained standard fire and casualty insurance and, where applicable, flood insurance, all in accordance with the provisions of this Agreement or the related Servicing Agreement. It is understood and agreed that such insurance shall be with insurers meeting the eligibility requirements set forth in this Agreement and the related Servicing Agreement and that no earthquake or other additional insurance is to be required of any Mortgagor or to be maintained on property acquired in respect of a defaulted loan, other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance.

(b) Pursuant to Sections 5.01, 5.04 and 5.05 any amounts collected by the Company, the Servicers or the Master Servicer, or by the Company or the Servicers, under any insurance policies (other than amounts to be applied to the restoration or repair of the property subject to the related Mortgage or released to the Mortgagor in accordance with this Agreement or the Servicing Agreements) shall be deposited by the Company in its Protected Account or by the related Servicer or the Master Servicer into the Master Servicer Collection Account, subject to withdrawal pursuant to Sections 5.02, 5.04, 5.05 and 5.07, as applicable. Any cost incurred by the Master Servicer, the Company or the related Servicer in maintaining any such insurance if the Mortgagor defaults in its obligation to do so shall be added to the amount owing under the Mortgage Loan where the terms of the Mortgage Loan so permit; provided, however, that the addition of any such cost shall not be taken into account for purposes of calculating the distributions to be made to Certificateholders and shall be recoverable by the Master Servicer, the Company or the related Servicer pursuant to Sections 5.02, 5.04, 5.05 and 5.07, as applicable.

Section 4.10 Presentment of Claims and Collection of Proceeds.

The Master Servicer shall (to the extent provided in this Agreement and the related Servicing Agreement) cause the Company or the Servicer to, prepare and present on behalf of the Trustee and the Certificateholders all claims under the Insurance Policies and take such actions (including the negotiation, settlement, compromise or enforcement of the insured's claim) as shall be necessary to realize recovery under such policies. Any proceeds disbursed to the Master Servicer (or disbursed to the Company or the related Servicer and remitted to the Master Servicer) in respect of such policies, bonds or contracts shall be promptly deposited in the Master Servicer Collection Account upon receipt, except that any amounts realized that are to be applied to the repair or restoration of the related Mortgaged Property as a condition precedent to the presentation of claims on the related Mortgage Loan to the insurer under any applicable Insurance Policy need not be so deposited (or remitted).

Section 4.11 Maintenance of the Primary Mortgage Insurance Policies.

(a) The Master Servicer shall not take, or permit the Company or the related Servicer (to the extent such action is prohibited under this Agreement or the related Servicing Agreement) to take, any action that would result in noncoverage under any applicable Primary Mortgage Insurance Policy of any loss which, but for the actions of the Master Servicer, the Company or the related Servicer, would have been covered thereunder. The Master Servicer shall use its best reasonable efforts to cause the Company and the related Servicer (to the extent required under this Agreement and the related Servicing Agreement) to keep in force and effect (to the extent that the Mortgage Loan requires the Mortgagor to maintain such insurance), primary mortgage insurance applicable to each Mortgage Loan (including any LPMI Policy) in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable. The Master Servicer shall not, and shall not permit the Company or the related Servicer (to the extent required under this Agreement or the related Servicing Agreement) to, cancel or refuse to renew any such Primary Mortgage Insurance Policy that is in effect at the date of the initial issuance of the Mortgage Note and is required to be kept in force hereunder except in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable.

(b) The Master Servicer agrees to cause the Company and the related Servicer (to the extent required under this Agreement and the related Servicing Agreement) to present, on behalf of the Trustee and the Certificateholders, claims to the insurer under any Primary Mortgage Insurance Policies and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any Primary Mortgage Insurance Policies respecting defaulted Mortgage Loans. Pursuant to Sections 5.01, 5.04 and 5.05, any amounts collected by the Company or the related Servicer under any Primary Mortgage Insurance Policies shall be deposited by the Company in its Protected Account or by the related Servicer in the Master Servicer Collection Account, subject to withdrawal pursuant to Section 5.04 or 5.05, as applicable.

Section 4.12 Trustee to Retain Possession of Certain Insurance Policies and Documents.

The Trustee (or the Custodian, as directed by the Trustee), shall retain possession and custody of the originals (to the extent available) of any Primary Mortgage Insurance Policies, or certificate of insurance if applicable, and any certificates of renewal as to the foregoing as may

be issued from time to time as contemplated by this Agreement. Until all amounts distributable in respect of the Certificates have been distributed in full and the Master Servicer otherwise has fulfilled its obligations under this Agreement, the Trustee (or its Custodian, if any, as directed by the Trustee) shall also retain possession and custody of each Mortgage File in accordance with and subject to the terms and conditions of this Agreement. The Master Servicer shall promptly deliver or cause to be delivered to the Trustee (or the Custodian, as directed by the Trustee), upon the execution or receipt thereof the originals of any Primary Mortgage Insurance Policies, any certificates of renewal, and such other documents or instruments that constitute portions of the Mortgage File that come into the possession of the Master Servicer from time to time.

Section 4.13 Realization Upon Defaulted Mortgage Loans.

The Master Servicer shall cause the Company and the related Servicer (to the extent required under this Agreement and the related Servicing Agreement) to foreclose upon, repossess or otherwise comparably convert the ownership of Mortgaged Properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments, all in accordance with this Agreement or the related Servicing Agreement.

Section 4.14 Compensation for the Master Servicer.

The Master Servicer shall be entitled to the Master Servicing Fee on each Distribution Date as compensation for the performance of its obligations hereunder. In addition, the Master Servicer shall be entitled to (i) all income and gain realized from any investment of funds on Permitted Investments in the Master Servicer Collection Account and Distribution Account as compensation for the performance of its obligations hereunder and (ii) any interest remitted by the related Servicer in connection with a Principal Prepayment in full or otherwise in excess of amounts required to be remitted to the Master Servicer Collection Account ("Additional Master Servicing Compensation"). The Master Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder and shall not be entitled to reimbursement therefor except as provided in this Agreement.

Section 4.15 REO Property.

(a) In the event the Trust Fund acquires ownership of any REO Property in respect of any related Mortgage Loan, the deed or certificate of sale shall be issued to the Trustee, or to its nominee, on behalf of the related Certificateholders. The Master Servicer shall, to the extent provided in this Agreement or the related Servicing Agreement, cause the Company or the related Servicer to sell, any REO Property as expeditiously as possible and in accordance with the provisions of this Agreement and the related Servicing Agreement, as applicable. Pursuant to its efforts to sell such REO Property, the Master Servicer shall cause the Company or the related Servicer to protect and conserve, such REO Property in the manner and to the extent required by this Agreement or the related Servicing Agreement, in accordance with the REMIC Provisions and in a manner that does not result in a tax on "net income from foreclosure property" or cause such REO Property to fail to qualify as "foreclosure property" within the meaning of Section 860G(a)(8) of the Code.

(b) The Master Servicer shall, to the extent required by this Agreement or the related Servicing Agreement, cause the Company or the related Servicer to deposit all funds collected and received in connection with the operation of any REO Property in the Protected Account.

(c) The Master Servicer and the Company or the related Servicer, upon the final disposition of any REO Property, shall be entitled to reimbursement for any related unreimbursed Advances and other unreimbursed advances as well as any unpaid Master Servicing Fees and Servicing Fees from Liquidation Proceeds received in connection with the final disposition of such REO Property; provided, that any such unreimbursed Monthly Advances as well as any unpaid Master Servicing Fees and Servicing Fees may be reimbursed or paid, as the case may be, prior to final disposition, out of any net rental income or other net amounts derived from such REO Property.

(d) To the extent provided in this Agreement or the related Servicing Agreement, the Liquidation Proceeds from the final disposition of the REO Property, net of any payment to the Master Servicer and the Company or the related Servicer as provided above shall be deposited in the Protected Account on or prior to the Determination Date in the month following receipt thereof and be remitted by wire transfer in immediately available funds to the Master Servicer for deposit into the related Master Servicer Collection Account on the next succeeding Remittance Date.

Section 4.16 Annual Officer's Certificate as to Compliance.

(a) The Master Servicer shall deliver to the Securities Administrator, the Trustee, the Class A-5 Insurer and the Rating Agencies on or before March 1 of each year, commencing on March 1, 2006, an Officer's Certificate, certifying that with respect to the period ending December 31 of the prior year: (i) such Servicing Officer has reviewed the activities of such Master Servicer during the preceding calendar year or portion thereof and its performance under this Agreement, (ii) to the best of such Servicing Officer's knowledge, based on such review, such Master Servicer has performed and fulfilled its duties, responsibilities and obligations under this Agreement in all material respects throughout such year, or, if there has been a default in the fulfillment of any such duties, responsibilities or obligations, specifying each such default known to such Servicing Officer and the nature and status thereof, (iii) nothing has come to the attention of such Servicing Officer to lead such Servicing Officer to believe that the Company or any Servicer has failed to perform any of its duties, responsibilities and obligations under this Agreement or the related Servicing Agreement in all material respects throughout such year, or, if there has been a material default in the performance or fulfillment of any such duties, responsibilities or obligations, specifying each such default known to such Servicing Officer and the nature and status thereof.

(b) Copies of such statements shall be provided to any Certificateholder upon request, by the Master Servicer or by the Trustee at the Master Servicer's expense if the Master Servicer failed to provide such copies (unless (i) the Master Servicer shall have failed to provide the Trustee with such statement or (ii) the Trustee shall be unaware of the Master Servicer's failure to provide such statement).

Section 4.17 Annual Independent Accountant's Servicing Report. If the Master Servicer has, during the course of any fiscal year, directly serviced any of the Mortgage Loans,

then the Master Servicer at its expense shall cause a nationally recognized firm of independent certified public accountants to furnish a statement to the Securities Administrator, the Trustee, the Class A-5 Insurer, the Rating Agencies and the Seller on or before March 1 of each year, commencing on March 1, 2006 to the effect that, with respect to the most recently ended fiscal year, such firm has examined certain records and documents relating to the Master Servicer's performance of its servicing obligations under this Agreement and pooling and servicing and trust agreements in material respects similar to this Agreement and to each other and that, on the basis of such examination conducted substantially in compliance with the audit program for mortgages serviced for Freddie Mac or the Uniform Single Attestation Program for Mortgage Bankers, such firm is of the opinion that the Master Servicer's activities have been conducted in compliance with this Agreement, or that such examination has disclosed no material items of noncompliance except for (i) such exceptions as such firm believes to be immaterial, (ii) such other exceptions as are set forth in such statement and (iii) such exceptions that the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages Serviced by Freddie Mac requires it to report. Copies of such statements shall be provided to any Certificateholder upon request by the Master Servicer, or by the Trustee at the expense of the Master Servicer if the Master Servicer shall fail to provide such copies (unless (i) the Master Servicer shall have failed to provide the Trustee with such statement or (ii) the Trustee shall be unaware of the Master Servicer's failure to provide such statement). If such report discloses exceptions that are material, the Master Servicer shall advise the Trustee whether such exceptions have been or are susceptible of cure, and will take prompt action to do so.

Section 4.18 Reports Filed with Securities and Exchange Commission. Within 15 days after each Distribution Date, the Securities Administrator shall, in accordance with industry standards, file with the Commission via the Electronic Data Gathering and Retrieval System ("EDGAR"), a Form 8-K (or other comparable Form containing the same or comparable information or other information mutually agreed upon) with a copy of the statement to the Securities Administrator who shall make available a copy of the monthly statement to the Certificateholders for such Distribution Date as an exhibit thereto. Prior to January 30 in each year, the Securities Administrator shall, in accordance with industry standards and only if instructed by the Depositor, file a Form 15 Suspension Notice with respect to the Trust Fund, if applicable. Prior to (i) March 15, 2006 and (ii) unless and until a Form 15 Suspension Notice shall have been filed, prior to March 15 of each year thereafter, the Master Servicer shall provide the Securities Administrator with a Master Servicer Certification, together with a copy of the annual independent accountant's servicing report and annual statement of compliance of the Company to be delivered pursuant to this Agreement and each Servicer, in each case, required to be delivered pursuant to the related Servicing Agreement, and, if applicable, the annual independent accountant's servicing report and annual statement of compliance to be delivered by the Master Servicer pursuant to Sections 4.16 and 4.17. Prior to (i) March 31, 2006 and (ii) unless and until a Form 15 Suspension Notice shall have been filed, March 31 of each year thereafter, the Securities Administrator shall file a Form 10-K, in substance conforming to industry standards, with respect to the Trust. Such Form 10-K shall include the Master Servicer Certification and other documentation provided by the Master Servicer pursuant to the second preceding sentence. The Depositor hereby grants to the Securities Administrator a limited power of attorney to execute and file each such document on behalf of the Depositor. Such power of attorney shall continue until either the earlier of (i) receipt by the Securities Administrator from the Depositor of written termination of such power of attorney and (ii) the termination of the Trust Fund. The Depositor

agrees to promptly furnish to the Securities Administrator, from time to time upon request, such further information, reports and financial statements within its control related to this Agreement and the Mortgage Loans as the Securities Administrator reasonably deems appropriate to prepare and file all necessary reports with the Commission. The Securities Administrator shall have no responsibility to file any items other than those specified in this Section 4.18; provided, however, the Securities Administrator will cooperate with the Depositor in connection with any additional filings with respect to the Trust Fund as the Depositor deems necessary under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Copies of all reports filed by the Securities Administrator under the Exchange Act shall be sent to: the Depositor c/o Bear, Stearns & Co. Inc., Attn: Managing Director-Analysis and Control, One Metrotech Center North, Brooklyn, New York 11202-3859. Fees and expenses incurred by the Securities Administrator in connection with this Section 4.18 shall not be reimbursable from the Trust Fund except for the expenses incurred by the Securities Administrator in connection with any additional filings, which shall be reimbursed by the Depositor.

Section 4.19 UCC. The Trustee agrees to file continuation statements for any Uniform Commercial Code financing statements which the Seller has informed the Trustee were filed on the Closing Date in connection with the Trust. The Seller shall file any financing statements or amendments thereto required by any change in the Uniform Commercial Code.

Section 4.20 Optional Purchase of Certain Mortgage Loans.

With respect to any Mortgage Loans which as of the first day of a Fiscal Quarter is delinquent in payment by 90 days or more or is an REO Property, EMC shall have the right to purchase any Mortgage Loan from the Trust which becomes 90 days or more delinquent or becomes an REO Property at a price equal to the Repurchase Price; provided however (i) that such Mortgage Loan is still 90 days or more delinquent or is an REO Property as of the date of such purchase and (ii) this purchase option, if not theretofore exercised, shall terminate on the date prior to the last day of the related Fiscal Quarter. This purchase option, if not exercised, shall not be thereafter reinstated unless the delinquency is cured and the Mortgage Loan thereafter again becomes 90 days or more delinquent or becomes an REO Property, in which case the option shall again become exercisable as of the first day of the related Fiscal Quarter.

In addition, EMC shall, at its option, purchase any Mortgage Loan from the Trust if the first Due Date for such Mortgage Loan is subsequent to the Cut-off Date and the initial Monthly Payment is not made within thirty (30) days of such Due Date. Such purchase shall be made at a price equal to the Repurchase Price.

If at any time EMC remits to the Master Servicer a payment for deposit in the Master Servicer Collection Account covering the amount of the Repurchase Price for such a Mortgage Loan, and EMC provides to the Trustee a certification signed by a Servicing Officer stating that the amount of such payment has been deposited in the Master Servicer Collection Account, then the Trustee shall execute the assignment of such Mortgage Loan prepared and delivered to the Trustee, at the request of EMC, without recourse, representation or warranty, to EMC which shall succeed to all the Trustee's right, title and interest in and to such Mortgage Loan, and all security and documents relative thereto. Such assignment shall be an assignment outright and not for security. EMC will thereupon own such Mortgage, and all such security and documents, free of any further obligation to the Trustee or the Certificateholders with respect thereto.

ARTICLE V

ACCOUNTS

Section 5.01 Collection of Mortgage Loan Payments; Protected Account.

(a) The Company shall make reasonable efforts in accordance with customary and usual standards of practice of prudent mortgage lenders in the respective states in which the Mortgaged Properties related to the EMC Mortgage Loans are located to collect all payments called for under the terms and provisions of the EMC Mortgage Loans to the extent such procedures shall be consistent with this Agreement and the terms and provisions of any related Required Insurance Policy. Consistent with the foregoing, the Company may in its discretion (i) waive any late payment charge and (ii) extend the due dates for payments due on a Mortgage Note related to an EMC Mortgage Loan for a period not greater than 125 days. In the event of any such arrangement, the Company shall make Advances on the related EMC Mortgage Loan during the scheduled period in accordance with the amortization schedule of such EMC Mortgage Loan without modification thereof by reason of such arrangements, and shall be entitled to reimbursement therefor in accordance with Section 6.01. The Company shall not be required to institute or join in litigation with respect to collection of any payment (whether under a Mortgage, Mortgage Note or otherwise or against any public or governmental authority with respect to a taking or condemnation) if it reasonably believes that enforcing the provision of the Mortgage or other instrument pursuant to which such payment is required is prohibited by applicable law. In addition, if (x) an EMC Mortgage Loan is in default or default is imminent or (y) the Company delivers to the Trustee and the Class A-5 Insurer a certification addressed to the Trustee and the Class A-5 Insurer, based on the advice of counsel or certified public accountants, in either case, that have a national reputation with respect to taxation of REMICs, that a modification of such EMC Mortgage Loan will not result in the imposition of taxes on or disqualify any of REMIC I, REMIC II or REMIC III, the Company may, (A) amend the related Mortgage Note to reduce the Mortgage Rate applicable thereto, provided that such reduced Mortgage Rate shall in no event be lower than 5.00% with respect to any EMC Mortgage Loan and (B) amend any Mortgage Note related to an EMC Mortgage Loan to extend the maturity thereof.

With respect to the EMC Mortgage Loans affected by Hurricane Katrina, if the Mortgaged Property is located in public and individual assistance counties as designated by FEMA (as set forth on its website www.fema.gov), the Company shall cease charging of late fees and credit reporting activity for all Mortgagors in such counties until January 3, 2006, and if reasonably prudent, may extend such period as long as necessary. In addition, the Company shall suspend all foreclosure and bankruptcy activity relating to such EMC Mortgage Loans until January 3, 2006, and if reasonably prudent, may extend such period as long as necessary.

In accordance with the standards of the first paragraph of Section 3.01, the Company shall not waive (or permit a sub-servicer to waive) any Prepayment Charge related to an EMC Mortgage Loan unless: (i) the enforceability thereof shall have been limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally, (ii) the enforcement thereof is illegal, or any local, state or federal agency has threatened legal action if the prepayment penalty is enforced, (iii) the collectability thereof shall have been limited due to acceleration in connection with a foreclosure or other involuntary

payment or (iv) such waiver is standard and customary in servicing similar Mortgage Loans and relates to a default or a reasonably foreseeable default and would, in the reasonable judgment of the Company, maximize recovery of total proceeds taking into account the value of such Prepayment Charge and the related EMC Mortgage Loan. If a Prepayment Charge is waived, but does not meet the standards described above, then the Company is required to pay the amount of such waived Prepayment Charge, for the benefit of the Class P Certificates, by remitting such amount to the Master Servicer by the Remittance Date; provided, however, that in no event shall any such Prepayment Charge Waiver Amounts constitute an asset of any REMIC created hereunder.

(b) The Company shall establish and maintain a Protected Account (which shall at all times be an Eligible Account) with a depository institution in the name of the Company for the benefit of the Trustee on behalf of the Certificateholders and the Class A-5 Insurer and designated "U.S. Bank National Association, in trust for registered Holders of Bear Stearns Asset Backed Securities I LLC, Asset-Backed Certificates Series 2005-AC9". The Company shall deposit or cause to be deposited into the Protected Account on a daily basis within one Business Day of receipt, except as otherwise specifically provided herein, the following payments and collections remitted by subservicers or received by it in respect of the EMC Mortgage Loans subsequent to the Cut-off Date (other than in respect of principal and interest due on the EMC Mortgage Loans on or before the Cut-off Date) and the following amounts required to be deposited hereunder:

- (i) all payments on account of principal, including Principal Prepayments, on the EMC Mortgage Loans;
- (ii) all payments on account of interest on the EMC Mortgage Loans net of the related Servicing Fee permitted under Section 3.10 and LPMI Fees, if any;
- (iii) all Liquidation Proceeds and Insurance Proceeds with respect to any EMC Mortgage Loans, other than proceeds to be applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor in accordance with the Company's normal servicing procedures;
- (iv) any amount required to be deposited by the Company pursuant to Section 5.01(c) in connection with any losses on Permitted Investments;
- (v) any amounts required to be deposited by the Company pursuant to Section 3.05;
- (vi) any Prepayment Charges collected on the EMC Mortgage Loans; and
- (vii) any other amounts required to be deposited hereunder.

The foregoing requirements for remittance by the Company into the Protected Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature of late payment charges or assumption fees, if collected, need not be remitted by the Company. In the event that the Company shall remit any amount not required to be remitted and not otherwise subject to withdrawal pursuant to Section 5.02, it may

at any time withdraw or direct the institution maintaining the Protected Account, to withdraw such amount from the Protected Account, any provision herein to the contrary notwithstanding. Such withdrawal or direction may be accomplished by delivering written notice thereof to the institution maintaining the Protected Account, that describes the amounts deposited in error in the Protected Account. The Company shall maintain adequate records with respect to all withdrawals made pursuant to this Section. All funds deposited in the Protected Account shall be held in trust for the Certificateholders and the Class A-5 Insurer until withdrawn in accordance with Section 5.02.

(c) The institution that maintains the Protected Account shall invest the funds in the Protected Account, in the manner directed by the Company, in Permitted Investments which shall mature not later than the Remittance Date and shall not be sold or disposed of prior to its maturity. All such Permitted Investments shall be made in the name of the Trustee, for the benefit of the Certificateholders and the Class A-5 Insurer. All income and gain net of any losses realized from any such investment shall be for the benefit of the Company as servicing compensation and shall be remitted to it monthly as provided herein. The amount of any losses incurred in the Protected Account in respect of any such investments shall be deposited by the Company into the Protected Account, out of the Company's own funds.

(d) The Company shall give at least 30 days advance notice to the Trustee, the Seller, the Master Servicer, each Rating Agency, the Class A-5 Insurer and the Depositor of any proposed change of location of the Protected Account prior to any change thereof.

Section 5.02 Permitted Withdrawals From the Protected Account.

(a) The Company may from time to time make withdrawals from the Protected Account for the following purposes:

(i) to pay itself (to the extent not previously paid to or withheld by the Company), as servicing compensation in accordance with Section 3.10, that portion of any payment of interest that equals the Servicing Fee for the period with respect to which such interest payment was made, and, as additional servicing compensation, those other amounts set forth in Section 3.10;

(ii) to reimburse the Company for Advances made by it with respect to the Mortgage Loans, provided, however, that the Company's right of reimbursement pursuant to this subclause (ii) shall be limited to amounts received on particular EMC Mortgage Loan(s) (including, for this purpose, Liquidation Proceeds and Insurance Proceeds) that represent late recoveries of payments of principal and/or interest on such particular EMC Mortgage Loan(s) in respect of which any such Advance was made;

(iii) to reimburse the Company for any previously made portion of a Servicing Advance or an Advance made by the Company that, in the good faith judgment of the Company, will not be ultimately recoverable by it from the related Mortgagor, any related Liquidation Proceeds, Insurance Proceeds or otherwise (a "Nonrecoverable Advance"), to the extent not reimbursed pursuant to clause (ii) or clause (v);

(iv) to reimburse the Company from Insurance Proceeds for Insured Expenses covered by the related Insurance Policy;

(v) to pay the Company any unpaid Servicing Fees and to reimburse it for any unreimbursed Servicing Advances, provided, however, that the Company's right to reimbursement for Servicing Advances pursuant to this subclause (v) with respect to any EMC Mortgage Loan shall be limited to amounts received on particular EMC Mortgage Loan(s) (including, for this purpose, Liquidation Proceeds, Insurance Proceeds and purchase and repurchase proceeds) that represent late recoveries of the payments for which such Servicing Advances were made;

(vi) to pay to the Seller, the Depositor or itself, as applicable, with respect to each EMC Mortgage Loan or property acquired in respect thereof that has been purchased pursuant to Section 2.02, 2.03 or 4.20 of this Agreement, all amounts received thereon and not taken into account in determining the related Stated Principal Balance of such repurchased EMC Mortgage Loan;

(vii) to pay any expenses recoverable by the Company pursuant to Section 8.04 of this Agreement;

(viii) to withdraw pursuant to Section 5.01 any amount deposited in the Protected Account and not required to be deposited therein; and

(ix) to clear and terminate the Protected Account upon termination of this Agreement pursuant to Section 11.01 hereof.

In addition, no later than 1:00 p.m. Eastern time on the Remittance Date, the Company shall withdraw from the Protected Account and remit to the Master Servicer the amount required to be withdrawn therefrom pursuant to Section 5.05 hereof. With respect to any remittance received by the Master Servicer from EMC after the date on which such remittance was due, EMC shall pay to the Master Servicer interest on any such late remittance at an annual rate equal to the prime rate announced to be in effect from time to time as published as the average rate in The Wall Street Journal (Northeast Edition), plus two percentage points, but in no event greater than the maximum amount permitted by applicable law. Such interest shall be deposited in EMC's Protected Account by EMC on the date such late payment is made and shall cover the period commencing with the day following the date on which such remittance was due and ending with the Business Day on which such remittance is made, both inclusive. Such interest shall be remitted along with the distribution payable on the next succeeding Remittance Date. The payment by EMC of any such interest shall not be deemed an extension of time for payment or a waiver of any Event of Default with respect to EMC.

The Company shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Protected Account pursuant to subclauses (i), (ii), (iv), (v) and (vi) above. Prior to making any withdrawal from the Protected Account pursuant to subclause (iii), the Company shall deliver to the Trustee an Officer's Certificate of a Servicing Officer indicating the amount of any previous Advance or Servicing Advance determined by the Company to be a Nonrecoverable Advance and identifying

the related EMC Mortgage Loan(s), and their respective portions of such Nonrecoverable Advance.

Section 5.03 Reports to Master Servicer.

On or before the tenth calendar day of each month, the Company shall furnish to the Master Servicer electronically in a format acceptable to the Master Servicer loan accounting reports in the investor's assigned loan number order to document the payment activity on each EMC Mortgage Loan on an individual mortgage loan basis. With respect to each month, such loan accounting reports shall contain the following:

(i) with respect to each Scheduled Payment (on both an actual and scheduled basis with respect to mortgage loan balances and on an actual basis with respect to paid-through dates), the amount of such remittance allocable to principal (including a separate breakdown of any Principal Prepayment, including the amount of any Prepayment Interest Shortfall);

(ii) with respect to each Monthly Payment, the amount of such remittance allocable to scheduled interest;

(iii) the amount of servicing compensation received by the Company during the prior calendar month;

(iv) the aggregate scheduled principal balance of the EMC Mortgage Loans;

(v) the aggregate amount of Advances made by the Company pursuant to Section 6.01;

(vi) the aggregate of any expenses reimbursed to the Company during the prior calendar month pursuant to Section 5.02;

(vii) the number and aggregate outstanding principal balances of EMC Mortgage Loans (a)(1) 30 to 59 days, (2) 60 to 89 days, (3) 90 days or more; (b) as to which foreclosure has commenced; and (c) as to which REO Property has been acquired; and

(viii) the amount of any Prepayment Charges collected by the Company and the amount of Prepayment Charges paid by the Company in connection with a waiver that is not permitted under this Agreement.

Section 5.04 Collection of Taxes; Assessments and Similar Items; Escrow Accounts.

With respect to each EMC Mortgage Loan, to the extent required by the related Mortgage Note, the Company shall establish and maintain one or more accounts (each, an "Escrow Account") and deposit and retain therein all collections from the Mortgagors (or advances by the Company) for the payment of taxes, assessments, hazard insurance premiums or comparable items for the account of the Mortgagors. Nothing herein shall require the Company to compel a Mortgagor to establish an Escrow Account in violation of applicable law.

Withdrawals of amounts so collected from the Escrow Accounts may be made only to effect timely payment of taxes, assessments, hazard insurance premiums, condominium or PUD association dues, or comparable items, to reimburse the Company out of related collections for any payments made with respect to each EMC Mortgage Loan pursuant to Section 3.01 (with respect to taxes and assessments and insurance premiums) and Section 3.05 (with respect to hazard insurance), to refund to any Mortgagors for any EMC Mortgage Loans any sums as may be determined to be overages, to pay interest, if required by law or the terms of the related Mortgage or Mortgage Note, to such Mortgagors on balances in the Escrow Account or to clear and terminate the Escrow Account at the termination of this Agreement in accordance with Section 11.01 thereof. The Escrow Account shall not be a part of the Trust Fund.

Section 5.05 Servicer Protected Accounts. (a) The Master Servicer shall enforce the obligation of the Company and the Servicers to establish and maintain a Protected Account in accordance with this Agreement and the Servicing Agreements, with records to be kept with respect thereto on a Mortgage Loan by Mortgage Loan basis, into which accounts shall be deposited within one Business Day (or as of such other time specified in the Servicing Agreements) of receipt all collections of principal and interest on any Mortgage Loan and with respect to any REO Property received by the Company or the related Servicer, including Principal Prepayments, Insurance Proceeds, Liquidation Proceeds, and advances made from the Company's or such Servicer's own funds (less servicing compensation as permitted by this Agreement or the related Servicing Agreement) and all other amounts to be deposited in the Protected Accounts. Each of the Company and the Servicers are hereby authorized to make withdrawals from and deposits to the related Protected Account for purposes required or permitted by this Agreement. To the extent provided in this Agreement or any Servicing Agreement, the Protected Account shall be held in a Designated Depository Institution and segregated on the books of such institution in the name of the Trustee for the benefit of Certificateholders.

(b) To the extent provided in this Agreement or any Servicing Agreement, amounts on deposit in a Protected Account may be invested in Permitted Investments in the name of the Trustee for the benefit of Certificateholders and, except as provided in the preceding paragraph, not commingled with any other funds, such Permitted Investments to mature, or to be subject to redemption or withdrawal, no later than the date on which such funds are required to be withdrawn for deposit in the Master Servicer Collection Account, and shall be held until required for such deposit. The income earned from Permitted Investments made pursuant to this Section 5.04 shall be paid to the Company or the related Servicer under this Agreement or the related Servicing Agreement, and the risk of loss of moneys required to be distributed to the Certificateholders resulting from such investments shall be borne by and be the risk of the Company or the related Servicer, as the case may be. The Company or the related Servicer (to the extent provided in this Agreement or the related Servicing Agreement) shall deposit the amount of any such loss in the Protected Account within two Business Days of receipt of notification of such loss but not later than the second Business Day prior to the Distribution Date on which the moneys so invested are required to be distributed to the Certificateholders.

(c) To the extent provided in this Agreement or the related Servicing Agreement and subject to this Article V, on or before each Remittance Date, the Company or the related Servicer shall withdraw or shall cause to be withdrawn from its Protected Account and shall immediately deposit or cause to be deposited in the Master Servicer Collection Account amounts representing

the following collections and payments (other than with respect to principal of or interest on the Mortgage Loans due on or before the Cut-off Date):

(i) Scheduled Payments on the Mortgage Loans received or any related portion thereof advanced by the Company or the related Servicer pursuant to the related Servicing Agreement which were due on or before the related Due Date, net of the amount thereof comprising the Servicing Fees;

(ii) Full Principal Prepayments and any Liquidation Proceeds received by the Company or the related Servicer with respect to such Mortgage Loans in the related Prepayment Period, with interest to the date of prepayment or liquidation, net of the amount thereof comprising the Servicing Fees and LPMI Fees, if any;

(iii) Partial Principal Prepayments received by the Company or the related Servicer for such Mortgage Loans in the related Prepayment Period;

(iv) Any amount to be used as an Advance; and

(v) The amount of any Prepayment Charges collected with respect to the Mortgage Loans and the amount of any Prepayment Charges paid by the Company or the related Servicer in connection with the waiver of a Prepayment Charge in a manner that is not permitted under this Agreement or the related Servicing Agreement.

(d) Withdrawals may be made from a Protected Account by the Company as described in Section 5.02 hereof and by the Master Servicer or the related Servicer only to make remittances as provided in Section 5.05(c), 5.06 and 5.07; to reimburse the Master Servicer or the Servicer for Advances which have been recovered by subsequent collection from the related Mortgagor; to remove amounts deposited in error; to remove fees, charges or other such amounts deposited on a temporary basis; or to clear and terminate the account at the termination of this Agreement in accordance with Section 11.01. As provided in Sections 5.05(c) and 5.06(b) certain amounts otherwise due to the related Servicer may be retained by the related Servicer and need not be deposited in the Master Servicer Collection Account.

Section 5.06 Master Servicer Collection Account. (a) The Master Servicer shall establish and maintain in the name of the Trustee, for the benefit of the Certificateholders, the Master Servicer Collection Account which shall be an Eligible Account. The Master Servicer will deposit in the Master Servicer Collection Account as identified by the Master Servicer and as received by the Master Servicer, the following amounts:

(i) Any Advance and any Compensating Interest Payments;

(ii) Any Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries received by or on behalf of the Master Servicer or which were not deposited in a Protected Account;

(iii) The Repurchase Price with respect to any Mortgage Loans purchased by the Seller or Section 2.02 or 2.03, any amounts which are to be treated pursuant to Section 2.04 of this Agreement as the payment of such a Repurchase Price, the

Repurchase Price with respect to any Mortgage Loans purchased by EMC pursuant to Section 4.20, and all proceeds of any Mortgage Loans or property acquired with respect thereto repurchased by the Seller or its designee pursuant to Section 11.01;

(iv) Any amounts required to be deposited with respect to losses on investments of deposits in an Account; and

(v) Any other amounts received by or on behalf of the Master Servicer or the Trustee and required to be deposited in the Master Servicer Collection Account pursuant to this Agreement.

(b) All amounts deposited to the Master Servicer Collection Account shall be held by the Master Servicer in the name of the Trustee in trust for the benefit of the Certificateholders in accordance with the terms and provisions of this Agreement. The requirements for crediting the Master Servicer Collection Account or the Distribution Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature of late payment charges or assumption, tax service, statement account or payoff, substitution, satisfaction, release and other like fees and charges, need not be credited by the Master Servicer or the related Servicer to the Distribution Account or the Master Servicer Collection Account, as applicable. In the event that the Master Servicer shall deposit or cause to be deposited to the Distribution Account any amount not required to be credited thereto, the Securities Administrator, upon receipt of a written request therefor signed by a Servicing Officer of the Master Servicer, shall promptly transfer such amount to the Master Servicer, any provision herein to the contrary notwithstanding.

(c) The amount at any time credited to the Master Servicer Collection Account may be invested, in the name of the Trustee, or its nominee, for the benefit of the Certificateholders, in Permitted Investments or be held in cash as directed by Master Servicer. All Permitted Investments shall mature or be subject to redemption or withdrawal on or before, and shall be held until, the next succeeding Distribution Account Deposit Date. Any and all investment earnings from the Master Servicer Collection Account shall be paid to the Master Servicer. The risk of loss of moneys required to be distributed to the Certificateholders resulting from such investments shall be borne by and be the risk of the Master Servicer. The Master Servicer shall deposit the amount of any such loss in the Master Servicer Collection Account within two Business Days of receipt of notification of such loss but not later than the second Business Day prior to the Distribution Date on which the moneys so invested are required to be distributed to the Certificateholders.

Section 5.07 Permitted Withdrawals and Transfers from the Master Servicer Collection Account. (a) The Master Servicer will, from time to time on demand of the Master Servicer or the Securities Administrator, make or cause to be made such withdrawals or transfers from the Master Servicer Collection Account as the Master Servicer has designated for such transfer or withdrawal pursuant to this Agreement and the related Servicing Agreement. The Master Servicer may clear and terminate the Master Servicer Collection Account pursuant to Section 11.01 and remove amounts from time to time deposited in error.

(b) On an ongoing basis, the Master Servicer shall withdraw from the Master Servicer Collection Account to pay itself as provided in Section 4.14 and to pay any expenses, costs and

liabilities recoverable by the Trustee, the Master Servicer, the Custodian or the Securities Administrator pursuant to Sections 4.03, 8.03, 8.04 and 10.05; provided however, that the Master Servicer shall be obligated to pay from its own funds any amounts which it is required to pay under Section 8.03(a).

(c) In addition, on or before each Distribution Account Deposit Date, the Master Servicer shall deposit in the Distribution Account (or remit to the Securities Administrator for deposit therein) any Advances required to be made by the Master Servicer with respect to the Mortgage Loans.

(d) No later than 3:00 p.m. New York time on each Distribution Account Deposit Date, the Master Servicer will transfer all available funds on deposit in the Master Servicer Collection Account with respect to the related Distribution Date to the Securities Administrator for deposit in the Distribution Account.

Section 5.08 Distribution Account.

(a) The Securities Administrator shall establish and maintain in the name of the Trustee, for the benefit of the Certificateholders and the Class A-5 Insurer, the Distribution Account as a segregated trust account or accounts.

(b) All amounts deposited to the Distribution Account shall be held by the Securities Administrator in the name of the Trustee in trust for the benefit of the Certificateholders and the Class A-5 Insurer in accordance with the terms and provisions of this Agreement.

(c) The Distribution Account shall constitute an Eligible Account of the Trust Fund segregated on the books of the Securities Administrator and held by the Securities Administrator and the Distribution Account and the funds deposited therein shall not be subject to, and shall be protected from, all claims, liens, and encumbrances of any creditors or depositors of the Securities Administrator (whether made directly, or indirectly through a liquidator or receiver of the Securities Administrator). The amount at any time credited to the Distribution Account may be, as directed by the Master Servicer, held either uninvested in a trust or deposit account of the Securities Administrator with no liability for interest or other compensation thereof, except as otherwise agreed in writing with the Master Servicer, or invested in the name of the Trustee, in such Permitted Investments as may be selected by the Master Servicer on such direction which mature not later than the Business Day next preceding the succeeding Distribution Date, except if such Permitted Investment is an obligation of or is managed by the institution that maintains such fund or account, then such Permitted Investment shall mature not later than such Distribution Date. Permitted Investments in respect of the Distribution Account shall not be sold or disposed of prior to their maturity. All investment earnings on amounts on deposit in the Distribution Account or benefit from funds uninvested therein from time to time shall be for the account of the Master Servicer. The Master Servicer shall be permitted to receive distribution of any and all investment earnings from the Distribution Account on each Distribution Date. If there is any loss on a Permitted Investment or demand deposit, the Master Servicer shall deposit the amount of the loss in the Distribution Account. With respect to the Distribution Account and the funds deposited therein, the Securities Administrator shall take such action as may be necessary to ensure that the Certificateholders and the Class A-5 Insurer shall be entitled to the priorities afforded to such a trust account (in addition to a claim against the estate of the

Securities Administrator) as provided by 12 U.S.C. § 92a(e), and applicable regulations pursuant thereto, if applicable, or any applicable comparable state statute applicable to state chartered banking corporations.

Section 5.09 Permitted Withdrawals and Transfers from the Distribution Account.

(a) The Securities Administrator will, from time to time on demand of the Master Servicer, make or cause to be made such withdrawals or transfers from the Distribution Account as the Master Servicer has designated for such transfer or withdrawal pursuant to this Agreement or any Servicing Agreement (limited in the case of amounts due the Master Servicer to those not withdrawn from the Master Servicer Collection Account in accordance with the terms of this Agreement; provided that the Securities Administrator shall not be responsible for such determination and may rely on the Master Servicer's instructions under this Section 5.09):

(i) to reimburse the Master Servicer, the Company or the related Servicer for any Advance or Servicing Advance of its own funds, the right of the Master Servicer, the Company or the related Servicer to reimbursement pursuant to this subclause (i) being limited to amounts received on a particular Mortgage Loan (including, for this purpose, the Repurchase Price therefor, Insurance Proceeds and Liquidation Proceeds) which represent late payments or recoveries of the principal of or interest on such Mortgage Loan respecting which such Advance or Servicing Advance was made;

(ii) to reimburse the Master Servicer, the Company or the related Servicer from Insurance Proceeds or Liquidation Proceeds relating to a particular Mortgage Loan for amounts expended by the Master Servicer, the Company or the related Servicer in good faith in connection with the restoration of the related Mortgaged Property which was damaged by an uninsured cause or in connection with the liquidation of such Mortgage Loan;

(iii) to reimburse the Master Servicer, the Company or the related Servicer from Insurance Proceeds relating to a particular Mortgage Loan for insured expenses incurred with respect to such Mortgage Loan and to reimburse the Master Servicer, the Company or the related Servicer from Liquidation Proceeds from a particular Mortgage Loan for Liquidation Expenses incurred with respect to such Mortgage Loan; provided that the Master Servicer shall not be entitled to reimbursement for Liquidation Expenses with respect to a Mortgage Loan to the extent that (i) any amounts with respect to such Mortgage Loan were paid as Excess Liquidation Proceeds pursuant to clause (x) of this Subsection (a) to the Master Servicer; and (ii) such Liquidation Expenses were not included in the computation of such Excess Liquidation Proceeds;

(iv) to reimburse the Master Servicer, the Company or a Servicer for advances of funds pursuant to this Agreement or the related Servicing Agreement, and the right to reimbursement pursuant to this subclause being limited to amounts received on the related Mortgage Loan (including, for this purpose, the Repurchase Price therefor, Insurance Proceeds and Liquidation Proceeds) which represent late recoveries of the payments for which such advances were made;

(v) to reimburse the Master Servicer, the Company or a Servicer for any Advance or advance, after a Realized Loss has been allocated with respect to the related Mortgage Loan if the Advance or advance has not been reimbursed pursuant to clauses (i) and (vi);

(vi) to pay the Master Servicer as set forth in Section 4.14;

(vii) to reimburse the Master Servicer for expenses, costs and liabilities incurred by and reimbursable to it pursuant to Sections 4.03, 8.04(c) and (d) and 12.02 or otherwise reimbursable to it pursuant to this Agreement;

(viii) to pay to the Master Servicer, as additional servicing compensation, any Excess Liquidation Proceeds to the extent not retained by the Company or the related Servicer;

(ix) to reimburse or pay the Company or the related Servicer any such amounts as are due thereto under this Agreement or the related Servicing Agreement and have not been retained by or paid to the Company or the related Servicer, to the extent provided herein and in the related Servicing Agreement;

(x) to reimburse the Trustee, the Custodian or the Securities Administrator for expenses, costs and liabilities incurred by or reimbursable to it pursuant to this Agreement (to the extent not reimbursed from the Master Servicer Collection Account in accordance with Section 5.07);

(xi) to remove amounts deposited in error; and

(xii) to clear and terminate the Distribution Account pursuant to Section 11.01.

(b) The Master Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of accounting for any reimbursement from the Distribution Account pursuant to subclauses (i) through (iv), inclusive, and (vi) or with respect to any such amounts which would have been covered by such subclauses had the amounts not been retained by the Master Servicer without being deposited in the Distribution Account under Section 5.07.

(c) On each Distribution Date, the Securities Administrator shall distribute the Available Funds to the extent of funds on deposit in the Distribution Account to the Holders of the Certificates and the Class A-5 Insurer in accordance with the Remittance Report upon which the Securities Administrator may conclusively rely.

ARTICLE VI

DISTRIBUTIONS AND ADVANCES

Section 6.01 Advances.

(a) The Company shall make an Advance with respect to any EMC Mortgage Loan and deposit such Advance in the Master Servicer Collection Account no later than 1:00 p.m. Eastern time on the Remittance Date in immediately available funds. The Master Servicer shall cause the related Servicer to remit any such Advance required pursuant to the terms of the related Servicing Agreement. The Company or the related Servicer, as applicable, shall be obligated to make any such Advance only to the extent that such advance would not be a Nonrecoverable Advance. If the Company or the related Servicer shall have determined that it has made a Nonrecoverable Advance or that a proposed Advance or a lesser portion of such Advance would constitute a Nonrecoverable Advance, the Company or the related Servicer, as the case may be, shall deliver (i) to the Securities Administrator for the benefit of the Certificateholders and the Class A-5 Insurer funds constituting the remaining portion of such Advance, if applicable, and (ii) to the Depositor, the Master Servicer, each Rating Agency, the Class A-5 Insurer and the Trustee an Officer's Certificate setting forth the basis for such determination. Subject to the Master Servicer's recoverability determination, in the event that a Servicer fails to make a required Advance, the Master Servicer shall be required to remit the amount of such Advance to the Distribution Account no later than 5:00 p.m. Eastern time on the Distribution Account Deposit Date.

In lieu of making all or a portion of such Advance from its own funds, the Company may (i) cause to be made an appropriate entry in its records relating to the Protected Account that any Amounts Held for Future Distribution has been used by the Company in discharge of its obligation to make any such Advance and (ii) transfer such funds from the Protected Account to the Distribution Account. Any funds so applied and transferred shall be replaced by the Company by deposit in the Distribution Account, no later than the close of business on the Remittance Date immediately preceding the Distribution Date on which such funds are required to be distributed pursuant to this Agreement.

The Company shall be entitled to be reimbursed from the Protected Account for all Advances of its own funds made pursuant to this Section as provided in Section 5.02. The obligation to make Advances with respect to any EMC Mortgage Loan shall continue until such EMC Mortgage Loan is paid in full or the related Mortgaged Property or related REO Property has been liquidated or until the purchase or repurchase thereof (or substitution therefor) from the Trust Fund pursuant to any applicable provision of this Agreement, except as otherwise provided in this Section 6.01.

(b) If the Scheduled Payment on a Mortgage Loan that was due on a related Due Date and is delinquent other than as a result of application of the Relief Act and for which the Company or the related Servicer was required to make an Advance pursuant to this Agreement or the related Servicing Agreement exceeds the amount deposited in the Master Servicer Collection Account which shall be used for an Advance with respect to such Mortgage Loan, the Master Servicer will deposit in the Master Servicer Collection Account not later than the Distribution Account Deposit Date immediately preceding the related Distribution Date an

amount equal to such deficiency, net of the Master Servicing Fee and the Servicing Fee for such Mortgage Loan except to the extent the Master Servicer determines any such Advance to be nonrecoverable from Liquidation Proceeds, Insurance Proceeds or future payments on the Mortgage Loan for which such Advance was made. Subject to the foregoing, the Master Servicer shall continue to make such Advances through the date that the Company or the related Servicer is required to do so under this Agreement or the related Servicing Agreement, as applicable. If applicable, on the Distribution Account Deposit Date, the Master Servicer shall present an Officer's Certificate to the Trustee (i) stating that the Master Servicer elects not to make an Advance in a stated amount and (ii) detailing the reason it deems the advance to be nonrecoverable.

Subject to and in accordance with the provisions of Article IX hereof, in the event the Master Servicer fails to make such Advance, then the Trustee, as Successor Master Servicer, shall be obligated to make such Advance, subject to the provisions of this Section 6.01.

Section 6.02 Compensating Interest Payments.

(a) In the event that there is a Prepayment Interest Shortfall arising from a voluntary Principal Prepayment in part or in full by the Mortgagor with respect to any EMC Mortgage Loan, the Company shall, to the extent of the Servicing Fee for such Distribution Date, deposit into the Master Servicer Collection Account, as a reduction of the Servicing Fee for such Distribution Date, no later than the close of business on the Remittance Date immediately preceding such Distribution Date, an amount equal to the Prepayment Interest Shortfall; and in case of such deposit, the Company shall not be entitled to any recovery or reimbursement from the Depositor, the Trustee, the Seller, the Master Servicer, the Securities Administrator, the Trust Fund or the Certificateholders.

(b) The Master Servicer shall cause each Servicer under the related Servicing Agreement to remit any required Compensating Interest Payments to the Master Servicer Collection Account on the Remittance Date.

(c) The Master Servicer shall be required to remit the amount of any such Prepayment Interest Shortfalls, to the extent of the Master Servicing Compensation for such Distribution Date, in the event the Company or the related Servicer is required to make such payment but fails to do so.

Section 6.03 REMIC Distributions.

On each Distribution Date the Securities Administrator, as agent for the Trustee, shall be deemed to make distributions to the REMIC Regular Interests in accordance with Section 6.07 hereof.

Section 6.04 Distributions.

(a) On each Distribution Date, the Available Funds for such Distribution Date shall be withdrawn by the Securities Administrator to the extent of funds on deposit in the Distribution Account and distributed as directed in accordance with the Remittance Report for such Distribution Date, in the following order of priority:

first, from Interest Funds, to be distributed as follows:

1. To the Class A-5 Insurer, the Class A-5 Insurer Premium Amount for such Distribution Date;
2. To the Holders of the Senior Certificates, the Monthly Interest Distributable Amount for each such Class for such Distribution Date, on a pro rata basis, based on the entitlement of each such class;
3. To the Class A-5 Insurer, any Class A-5 Reimbursement Amount relating to interest draws on the Class A-5 Policy;
4. To the Holders of the Class M-1 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date;
5. To the Holders of the Class M-2 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date;
6. To the Holders of the Class M-3 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date;
7. To the Holders of the Class B-1 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date;
8. To the Holders of the Class B-2 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date;
9. To the Holders of the Class B-3 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date; and
10. To the Holders of the Class B-4 Certificates, the Monthly Interest Distributable Amount for such Class for such Distribution Date.

Any Excess Spread to the extent necessary to pay the Overcollateralization Increase Amount shall be the Extra Principal Distribution Amount and shall be distributed as part of the Principal Distribution Amount; provided, however, after the earlier of (1) the 20% Clean-Up Call Date and (2) the Distribution Date in November 2015, any Excess Spread will be used first to pay the Overcollateralization Increase Amount, then to pay any Unpaid Interest Shortfalls and Net WAC Rate Carryover Amounts pursuant to clause *third* below, and any remaining amounts, together with the Overcollateralization Increase Amount, shall be the Extra Principal Distribution Amount and will be distributed as part of the Principal Distribution Amount; and provided, further, any such Excess Spread that would otherwise be distributed to the Class A-5 Certificates to pay the Overcollateralization Increase Amount for any Distribution Date shall be used to pay the Class A-5 Insurer any Class A-5 Reimbursement Amount relating to interest or principal draws on the Class A-5 Policy, if any, which was not previously paid to the Class A-5 Insurer pursuant to item (3) of this clause *first* prior to paying such Overcollateralization Increase Amount to the Class A-5 Certificates. Any Remaining Excess Spread together with any Overcollateralization Release Amount will be applied as Net Monthly Excess Cashflow and distributed pursuant to clause *third* below.

On any Distribution Date, any Unpaid Interest Shortfalls shall be allocated to the Certificates (other than the Class P Certificates) as set forth in the definition of "Monthly Interest Distributable Amount" in Section 1.01 and in Section 1.02.

second, the Principal Distribution Amount for any Distribution Date shall be distributed to the Offered Certificates (other than the Class A-2 Certificate) and Class B-4 Certificates, on a pro rata basis, based on the Certificate Principal Balance of each such Class, until the Certificate Principal Balances thereof have been reduced to zero.

third, on each Distribution Date after the payment of interest and principal to the Certificates as described in clauses *first* and *second* above, any Net Monthly Excess Cashflow for such Distribution Date shall be distributed as follows:

1. To the Holders of the Senior Certificates, on a pro rata basis, based on the entitlement of each such Class, then to the Holders of the Class M-1 Certificates, then to the Holders of the Class M-2 Certificates, then to the Holders of the Class M-3 Certificates, then to the Holders of the Class B-1 Certificates, then to the Holders of the Class B-2 Certificates, then to the Holders of the Class B-3 Certificates and then to the Holders of the Class B-4 Certificates, any Unpaid Interest Shortfalls for such Classes of Certificates on such Distribution Date, to the extent not previously reimbursed; provided, however, any Unpaid Interest Shortfalls allocable to the Class A-5 Certificates under this item (1) of this clause *third* shall be used to pay any unpaid Class A-5 Reimbursement Amounts relating to interest draws owed to the Class A-5 Insurer prior to paying any related Unpaid Interest Shortfalls to the Class A-5 Certificates;
2. To the Holders of the Class M-1 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
3. To the Holders of the Class M-2 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
4. To the Holders of the Class M-3 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
5. To the Holders of the Class B-1 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
6. To the Holders of the Class B-2 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
7. To the Holders of the Class B-3 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
8. To the Holders of the Class B-4 Certificates, in an amount equal to the Applied Realized Loss Amount for such Class;
9. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Senior Certificates, on a pro rata basis, based on the entitlement of each such Class, the Net WAC Rate Carryover Amount for such

Class for such Distribution Date or any prior Distribution Dates to the extent unpaid, and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund; provided, however, any Net Monthly Excess Cashflow payable to the Class A-5 Certificates shall be used to pay any unpaid Class A-5 Reimbursement Amount to the extent not paid pursuant to item 3 of priority *first*;

10. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class M-1 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

11. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class M-2 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

12. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class M-3 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

13. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class B-1 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

14. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class B-2 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

15. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class B-3 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

16. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, in respect of the Class B-4 Certificates, the Net WAC Rate Carryover Amount for such Class for such Distribution Date or any prior Distribution Dates to the extent unpaid and to the extent such amount exceeds the amounts then on deposit in the Net WAC Reserve Fund;

17. From amounts otherwise distributable to the Class C Certificates, to the Net WAC Reserve Fund, to maintain a balance equal to the Net WAC Reserve Fund Deposit;

18. To the Holders of the Class C Certificates, the Class C Distribution Amount less amounts distributed pursuant to items 9 through 17 of this clause *third*; and

19. To the Holders of the Class R Certificates, any amounts of Net Monthly Excess Cashflow remaining after distributions pursuant to items 1 through 18 of this clause *third*, based on the related REMIC in which such amounts remain.

In addition, notwithstanding the foregoing, on any Distribution Date after the Distribution Date on which the Certificate Principal Balance of a Class of Offered Certificates and Class B-4 Certificates has been reduced to zero, that Class of Offered Certificates and Class B-4 Certificates will be retired and will no longer be entitled to distributions, including distributions in respect of Unpaid Interest Shortfalls or Net WAC Rate Carryover Amounts.

(b) On each Distribution Date, all amounts representing Prepayment Charges in respect of the Mortgage Loans received during the related Prepayment Period and deposited in the Distribution Account will be withdrawn from the Distribution Account and distributed by the Securities Administrator in accordance with the Remittance Report to the Class P Certificates and shall not be available for distribution to the Holders of any other Class of Certificates. The payment of such Prepayment Charges shall not reduce the Certificate Principal Balance of the Class P Certificates.

(c) Subject to Section 11.02 hereof respecting the final distribution, on each Distribution Date the Securities Administrator shall make distributions to each Certificateholder of record on the preceding Record Date either by wire transfer in immediately available funds to the account of such Holder at a bank or other entity having appropriate facilities therefor, if (i) such Holder has so notified the Securities Administrator at least 5 Business Days prior to the related Record Date and (ii) such Holder shall hold Regular Certificates with aggregate principal denominations of not less than \$1,000,000 or evidencing a Percentage Interest aggregating 10% or more with respect to such Class or, if not, by check mailed by first class mail to such Certificateholder at the address of such Holder appearing in the Certificate Register. Notwithstanding the foregoing, but subject to Section 11.02 hereof respecting the final distribution, distributions with respect to Certificates registered in the name of a Depository shall be made to such Depository in immediately available funds.

(d) On or before 5:00 p.m. Eastern time on the fifth Business Day immediately preceding each Distribution Date, the Master Servicer shall deliver a report to the Securities Administrator in the form of a computer readable magnetic tape (or by such other means as the Master Servicer and the Securities Administrator may agree from time to time) containing such data and information, as agreed to by the Master Servicer and the Securities Administrator such as to permit the Securities Administrator to prepare the Monthly Statement to Certificateholders and to direct the Securities Administrator in writing to make the required distributions for the related Distribution Date (the "Remittance Report"). The Securities Administrator shall deliver a Remittance Report to the Trustee on or before 5:00 p.m. Eastern time on the Business Day immediately preceding each Distribution Date.

Section 6.05 Allocation of Realized Losses.

(a) On or prior to each Determination Date, the Master Servicer shall determine the amount of any Realized Loss in respect of each Mortgage Loan that occurred during the immediately preceding calendar month.

(b) The interest portion of Realized Losses shall be allocated to the Certificates (other than the Class P Certificates) as described in Section 1.02 hereof.

(c) The principal portion of all Realized Losses on the Mortgage Loans shall be allocated on each Distribution Date as follows: first, to Net Monthly Excess Cashflow as part of the payment of the Extra Principal Distribution Amount, second, in reduction of the Certificate Principal Balance of the Class C Certificates, until reduced to zero; third, to the Class B-4 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; fourth, to the Class B-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; fifth, to the Class B-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; sixth, to the Class B-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; seventh, to the Class M-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; eighth, to the Class M-2 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and ninth, to the Class M-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero. All such Realized Losses to be allocated to the Certificate Principal Balances of all Classes on any Distribution Date shall be so allocated after the actual distributions to be made on such date as provided above. All references above to the Certificate Principal Balance of any Class of Certificates shall be to the Certificate Principal Balance of such Class immediately prior to the relevant Distribution Date, before reduction thereof by any Realized Losses, in each case to be allocated to such Class of Certificates, on such Distribution Date.

Any allocation of the principal portion of Realized Losses to a Subordinate Certificate on any Distribution Date shall be made by reducing the Certificate Principal Balance thereof by the amount so allocated; any allocation of Realized Losses to the Net Monthly Excess Cashflow shall be made by reducing the amount otherwise payable to the Class C Certificates pursuant to item (18) of Section 6.04(a) clause *third*. No allocations of any Realized Losses shall be made to the Certificate Principal Balances of the Senior Certificates or the Class P Certificates.

All such Realized Losses and all other losses allocated to a Class of Certificates hereunder shall be allocated among the Certificates of such Class in proportion to the Percentage Interests evidenced thereby.

Notwithstanding the foregoing, no such allocation of any Realized Loss shall be made on a Distribution Date to any Class of Subordinate Certificates to the extent that such allocation would result in the reduction of the aggregate Certificate Principal Balance of all the Certificates (other than the Class P Certificates and Class C Certificates) as of such Distribution Date, after giving effect to all distributions and prior allocations of Realized Losses on the Mortgage Loans on such date, to an amount less than the aggregate Stated Principal Balance of all of the Mortgage Loans as of the first day of the month of such Distribution Date (such limitation, the "Loss Allocation Limitation"). In addition in no event shall the Certificate Principal Balance of any Subordinate Certificate be reduced more than once in respect of any particular amount both

(i) allocable to such Certificate in respect of Realized Losses and (ii) payable as principal to the Holder of such Certificate from Remaining Excess Spread.

In addition, in the event that the Master Servicer receives any Subsequent Recoveries from the Company or the related Servicer, the Master Servicer shall deposit such funds into the Master Servicer Collection Account pursuant to Section 5.06. If, after taking into account such Subsequent Recoveries, the amount of a Realized Loss is reduced, the amount of such Subsequent Recoveries will be applied to increase the Certificate Principal Balance of the Class of Subordinate Certificates with the highest payment priority to which Realized Losses have been allocated, but not by more than the amount of Realized Losses previously allocated to that Class of Subordinate Certificates pursuant to this Section 6.05 and not previously reimbursed to such Class of Subordinate Certificates with Net Monthly Excess Cashflow pursuant to clause *third* of Section 6.04(a); provided, however, to the extent that no reductions to a Certificate Principal Balance of any Class of Subordinate Certificates currently exists as the result of a prior allocation of a Realized Loss, such Subsequent Recoveries will be applied as Excess Spread. The amount of any remaining Subsequent Recoveries will be applied to sequentially increase the Certificate Principal Balance of the Subordinate Certificates, beginning with the Class of Subordinate Certificates with the next highest payment priority, up to the amount of such Realized Losses previously allocated to such Class of Subordinate Certificates pursuant to this Section 6.05 and not previously reimbursed to such Class of Subordinate Certificates with Net Monthly Excess Cashflow pursuant to clause *third* of Section 6.04(a). Holders of such Certificates shall not be entitled to any payment in respect of current interest on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied to the Certificate Principal Balance of each Subordinate Certificate of such Class in accordance with its respective Percentage Interest.

(d) The interest portion of Realized Losses on the Mortgage Loans shall be allocated on each Distribution Date first, to Uncertificated Accrued Interest payable to REMIC I Regular Interest AA and REMIC I Regular Interest ZZ up to an aggregate amount equal to the REMIC I Interest Loss Allocation Amount (without duplication of any such amount attributable to allocations of Unpaid Interest Shortfalls on such Distribution Date pursuant to Section 1.02), 98% and 2%, respectively, and thereafter, to Uncertificated Accrued Interest payable to the REMIC I Regular Interests (other than REMIC I Regular Interest P), pro rata, based on the Uncertificated Accrued Interest for each such REMIC I Regular Interest prior to such allocation. The principal portion of Realized Losses on the Mortgage Loans shall be allocated on each Distribution Date to the following REMIC I Regular Interests in the specified percentages, as follows: first, to Uncertificated Accrued Interest payable to REMIC I Regular Interest AA and REMIC I Regular Interest ZZ up to an aggregate amount equal to the REMIC I Interest Loss Allocation Amount (without duplication of any such amount attributable to allocations of Unpaid Interest Shortfalls or the interest portion of Realized Losses on such Distribution Date pursuant to Section 1.02 or the preceding sentence), 98% and 2%, respectively; second, to the Uncertificated Principal Balances of the REMIC I Regular Interest AA and REMIC I Regular Interest ZZ up to an aggregate amount equal to the REMIC I Principal Loss Allocation Amount, 98% and 2%, respectively; third, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest B-4 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest B-4 has been reduced to zero; fourth, to the Uncertificated Principal Balances of REMIC I Regular

Interest AA, REMIC I Regular Interest B-3 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest B-3 has been reduced to zero; fifth, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest B-2 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest B-2 has been reduced to zero; sixth, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest B-1 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest B-1 has been reduced to zero; seventh, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest M-3 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest M-3 has been reduced to zero; eighth, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest M-2 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest M-2 has been reduced to zero; and ninth, to the Uncertificated Principal Balances of REMIC I Regular Interest AA, REMIC I Regular Interest M-1 and REMIC I Regular Interest ZZ, 98%, 1% and 1%, respectively, until the Uncertificated Principal Balance of REMIC I Regular Interest M-1 has been reduced to zero. All Realized Losses on the Mortgage Loans shall be allocated on each Distribution Date to the REMIC II Regular Interests in the same manner as Realized Losses are allocated to the Corresponding Certificates pursuant to Sections 1.02, 6.05(b) and 6.05(c) ; provided, however, that solely for purposes of allocating such Realized Losses to the REMIC II Regular Interests, any such losses otherwise allocable to the Class A-2 Certificates and the Class A-4 Certificates shall be deemed to be allocated to the Class A-1 Certificates and the Class A-3 Certificates, respectively.

Section 6.06 Monthly Statements to Certificateholders.

(a) Not later than each Distribution Date, the Securities Administrator shall prepare and make available to each Holder of Certificates, the Trustee, the Class A-5 Insurer, the Master Servicer and the Depositor a statement setting forth for the Certificates:

(i) the amount of the related distribution to Holders of each Class allocable to principal, separately identifying (A) the aggregate amount of any Principal Prepayments included therein, (B) the aggregate of all scheduled payments of principal included therein and (C) Extra Principal Distribution Amount (if any);

(ii) the amount of such distribution to Holders of the Class A-1 Certificates allocable to interest and the portion thereof, if any, provided by the Yield Maintenance Agreement;

(iii) the amount of such distribution to Holders of each Class allocable to interest;

(iv) the Certificate Principal Balance or Certificate Notional Amount of each Class after giving effect (i) to all distributions allocable to principal on such Distribution Date and (ii) the allocation of any Applied Realized Loss Amounts for such Distribution Date;

(v) the aggregate of the Stated Principal Balances of all of the Mortgage Loans for the following Distribution Date;

(vi) the amount of the Master Servicing Fee paid to or retained by the Master Servicer for the related Due Period and the amount of the Servicing Fees paid to or retained by the Company or the related Servicer for the related Due Period;

(vii) the Pass-Through Rate for each Class of Certificates with respect to the current Interest Accrual Period, and, if applicable, whether such Pass-Through Rate was limited by the related Interest Rate Cap;

(viii) the amount of Advances included in the distribution on such Distribution Date;

(ix) the cumulative amount of Applied Realized Loss Amounts to date;

(x) the number and aggregate principal amounts of Mortgage Loans (A) Delinquent (exclusive of Mortgage Loans in foreclosure and bankruptcy) (1) 31 to 60 days, (2) 61 to 90 days and (3) 91 or more days, (B) in foreclosure and delinquent (1) 31 to 60 days, (2) 61 to 90 days and (3) 91 or more days and (C) in bankruptcy and delinquent (1) 31 to 60 days, (2) 61 to 90 days and (3) 91 or more days, in each case as of the close of business on the last day of the calendar month preceding such Distribution Date;

(xi) with respect to any Mortgage Loan that was liquidated during the preceding calendar month, the loan number and Stated Principal Balance of, and Realized Loss on, such Mortgage Loan as of the end of the related Prepayment Period;

(xii) the total number and principal balance of any real estate owned or REO Properties as of the end of the related Prepayment Period;

(xiii) the three month rolling average of the percent equivalent of a fraction, the numerator of which is the aggregate Stated Principal Balance of the Mortgage Loans that are 60 days or more delinquent or are in bankruptcy or foreclosure or are REO Properties, and the denominator of which is the aggregate Stated Principal Balance of all of the Mortgage Loans as of the last day of the calendar month preceding such Distribution Date;

(xiv) the Realized Losses during the related Prepayment Period and the cumulative Realized Losses through the end of the preceding month;

(xv) the Net WAC Rate Carryover Amount for each Class of Certificates and the amount on deposit in the Net WAC Reserve Fund;

(xvi) the amount of the distribution made on such Distribution Date to the Holders of the Class P Certificates allocable to Prepayment Charges;

(xvii) the Class A-5 Insurer Premium Amount; and

(xviii) the Class A-5 Reimbursement Amount, separately indicating the amount related to (a) interest draws on the Class A-5 Policy, (b) principal draws on the Class A-5 Policy and (c) all other amounts representing such Class A-5 Reimbursement Amount.

The Securities Administrator may make the foregoing Monthly Statement (and, at its option, any additional files containing the same information in an alternative format) available each month to Certificateholders and the Class A-5 Insurer via the Securities Administrator's internet website. The Securities Administrator's internet website shall initially be located at "www.ctslink.com". Assistance in using the website can be obtained by calling the Securities Administrator's customer service desk at (301) 815-6600. Parties that are unable to use the above distribution options are entitled to have a paper copy mailed to them via first class mail by calling the customer service desk and indicating such. The Securities Administrator may change the way Monthly Statements are distributed in order to make such distributions more convenient or more accessible to the above parties.

(b) The Securities Administrator's responsibility for making the above information available to the Certificateholders is limited to the availability, timeliness and accuracy of the information derived from the Master Servicer, the Company and the Servicers. The Securities Administrator will make available a copy of each statement provided pursuant to this Section 6.05 to each Rating Agency.

(c) Within a reasonable period of time after the end of each calendar year, the Securities Administrator shall furnish upon request to each Person who at any time during the calendar year was a Certificateholder, based on information provided by the Securities Administrator containing the information set forth in clauses (a)(i) and (a)(ii) of this Section 6.06 aggregated for such calendar year or applicable portion thereof during which such Person was a Certificateholder. Such obligation of the Securities Administrator shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee or the Securities Administrator pursuant to any requirements of the Code as from time to time in effect.

(d) Upon filing with the Internal Revenue Service, the Securities Administrator shall furnish to the Holders of the Residual Certificates the applicable Form 1066 and each applicable Form 1066Q and shall respond promptly to written requests made not more frequently than quarterly by any Holder of a Residual Certificate with respect to the following matters:

(i) The original projected principal and interest cash flows on the Closing Date on each class of Regular Interests and Residual Interests created hereunder and on the Mortgage Loans, based on the Prepayment Assumption;

(ii) The projected remaining principal and interest cash flows as of the end of any calendar quarter with respect to each class of Regular Interests and Residual Interests created hereunder and the Mortgage Loans, based on the Prepayment Assumption;

(iii) The applicable Prepayment Assumption and any interest rate assumptions used in determining the projected principal and interest cash flows described above;

(iv) The original issue discount (or, in the case of the Mortgage Loans, market discount) or premium accrued or amortized through the end of such calendar quarter with respect to each class of Regular Interests created hereunder and to the Mortgage Loans, together with each constant yield to maturity used in computing the same;

(v) The treatment of losses realized with respect to the Mortgage Loans or the Regular Interests created hereunder, including the timing and amount of any cancellation of indebtedness income of a REMIC with respect to such Regular Interests or bad debt deductions claimed with respect to the Mortgage Loans;

(vi) The amount and timing of any non-interest expenses of a REMIC; and

(vii) Any taxes (including penalties and interest) imposed on the REMIC, including, without limitation, taxes on "prohibited transactions," "contributions" or "net income from foreclosure property" or state or local income or franchise taxes.

The information pursuant to clauses (i), (ii), (iii) and (iv) above shall be provided by the Depositor pursuant to Section 10.12.

Section 6.07 REMIC Designations and REMIC Distributions.

(a) The Trustee shall elect that each of REMIC I, REMIC II and REMIC III shall be treated as a REMIC under Section 860D of the Code. Any inconsistencies or ambiguities in this Agreement or in the administration of this Agreement shall be resolved in a manner that preserves the validity of such REMIC elections. The assets of REMIC I shall include the Mortgage Loans and all interest owing in respect of and principal due thereon, the Distribution Account, the Master Servicer Collection Account, the Protected Accounts maintained by the Company and the Servicers, any REO Property, any proceeds of the foregoing and any other assets subject to this Agreement (other than the Yield Maintenance Agreement, the Net WAC Reserve Fund, the Class A-1/A-2 Net WAC Reserve Account, the Class A-3/A-4 Net WAC Reserve Account and any Prepayment Charge Waiver Amounts). The REMIC I Regular Interests shall constitute the assets of REMIC II. The REMIC II Regular Interests shall constitute the assets of REMIC III.

(b) On each Distribution Date, the Available Funds, in the following order of priority and in accordance with the Remittance Report, shall be deemed distributed by REMIC I to REMIC II on account of the REMIC I Regular Interests (other than REMIC I Regular Interest P) or withdrawn from the Distribution Account and distributed to the Holders of the Class R-1 Certificates, as the case may be:

(i) first, to the holders of REMIC I Regular Interest AA, REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3, REMIC I Regular Interest B-4 and REMIC I Regular Interest ZZ, pro rata, in an amount equal to (A) the Uncertificated Accrued Interest for each such REMIC I Regular Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates. Amounts payable as Uncertificated Accrued

Interest in respect of REMIC I Regular Interest ZZ shall be reduced and deferred when the REMIC I Overcollateralization Amount is less than the REMIC I Overcollateralization Target Amount by the lesser of (x) the amount of such difference and (y) the REMIC I Regular Interest ZZ Maximum Interest Deferral Amount, and such amount shall be payable to the holders of REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4 in the same proportion as the Overcollateralization Increase Amount is allocated to the Corresponding Interests, and the Uncertificated Principal Balance of REMIC I Regular Interest ZZ shall be increased by such amount;

(ii) second, to the holders of REMIC I Regular Interests (other than REMIC I Regular Interest P), in an amount equal to the remainder of the Available Funds for such Distribution Date after the distributions made pursuant to clause (i) above, allocated as follows:

(A) 98.00% of such remainder to the holders of REMIC I Regular Interest AA, until the Uncertificated Principal Balance of such REMIC I Regular Interest is reduced to zero;

(B) 2.00% of such remainder, first, to the holders of REMIC I Regular Interest A-1, REMIC I Regular Interest A-3, REMIC I Regular Interest A-5, REMIC I Regular Interest M-1, REMIC I Regular Interest M-2, REMIC I Regular Interest M-3, REMIC I Regular Interest B-1, REMIC I Regular Interest B-2, REMIC I Regular Interest B-3 and REMIC I Regular Interest B-4, in an aggregate amount equal to 1.00% of and in the same proportion as principal payments are allocated to the Corresponding Interests for each such REMIC I Regular Interest, until the Uncertificated Principal Balances of such REMIC I Regular Interests are reduced to zero, and second, to the holders of REMIC I Regular Interest ZZ, until the Uncertificated Principal Balance of such REMIC I Regular Interest is reduced to zero; then

(C) any remaining amount to the Holders of the Class R-1 Certificates.

(c) On each Distribution Date, all amounts representing Prepayment Charges on the Mortgage Loans shall be deemed distributed in respect of REMIC I Regular Interest P, provided that such amounts shall not reduce the Uncertificated Principal Balance of REMIC I Regular Interest P. On the Distribution Date in August 2010, \$100 shall be deemed distributed in respect of REMIC I Regular Interest P in reduction of the Uncertificated Principal Balance thereof.

(d) On each Distribution Date, the Available Funds, in the following order of priority and in accordance with the Remittance Report, shall be deemed distributed by REMIC II to REMIC III on account of the REMIC II Regular Interests (other than REMIC II Regular Interest P) or withdrawn from the Distribution Account and distributed to the Holders of the Class R-2 Certificates:

(i) to the holders of the REMIC II Regular Interests (other than REMIC II Regular Interest P), in the same manner and priority as paid to the Corresponding Certificates,

- (A) the Uncertificated Accrued Interest (or, in the case of REMIC II Regular Interest C, the REMIC II Regular Interest C Distribution Amount) for such Distribution Date, plus
- (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates; and

(ii) to the holders of the REMIC II Regular Interests (other than REMIC II Regular Interest P), in an amount equal to the remainder of the Available Funds for such Distribution Date after the distributions made pursuant to clause (i) above, allocated in the same manner and priority as paid to the Corresponding Certificates, and any remaining amount to the Holders of the Class R-2 Certificates.

(e) On each Distribution Date, all amounts representing Prepayment Charges distributed in respect of the Class P Certificates shall be deemed distributed in respect of REMIC II Regular Interest P, provided that such amounts shall not reduce the Uncertificated Principal Balance of REMIC II Regular Interest P. On the Distribution Date in August 2010, \$100 shall be deemed distributed in respect of REMIC II Regular Interest P in reduction of the Uncertificated Principal Balance thereof.

(f) On each Distribution Date, (1) (i) the Uncertificated Accrued Interest for each of the Regular Interests the ownership of which is represented by the Class A-1, Class A-2 and Class A-3 Certificates that has accrued for such Distribution Date at the related Uncertificated REMIC III Pass-Through Rate on the related Uncertificated Principal Balance thereof, (ii) the Uncertificated Accrued Interest for the Regular Interest the ownership of which is represented by the Class A-4 Certificates that has accrued for such Distribution Date at the related Uncertificated REMIC III Pass-Through Rate on the Uncertificated Notional Amount thereof, and (iii) any amounts in respect thereof remaining unpaid from previous Distribution Dates, shall be deemed distributed in respect of each such Regular Interest, and (2) amounts distributable in reduction of the Certificate Principal Balance of the Class A-1, Class A-2, Class A-3 and Class A-4 Certificates shall be deemed distributed to each of the Regular Interests the ownership of which is represented by such Certificates in reduction of the related Uncertificated Principal Balance thereof.

Section 6.08 Net WAC Reserve Fund.

(a) The Securities Administrator shall establish a Net WAC Reserve Fund on behalf of the holders of the Offered Certificates. The Net WAC Reserve Fund shall be an Eligible Account. The Net WAC Reserve Fund shall be entitled "Net WAC Reserve Fund, U.S. Bank National Association as Trustee for the benefit of Holders of Bear Stearns Asset Backed Securities I LLC, Asset-Backed Certificates, Series 2005-AC9, Class A-1, Class A-2, Class A-3, Class A-4, Class A-5, Class M-1, Class M-2, Class M-3, Class B-1, Class B-2, Class B-3 and Class B-4". On the Closing Date, the Depositor will deposit, or cause to be deposited, into the

Net WAC Reserve Fund an amount equal to the Net WAC Reserve Fund Deposit. On each Distribution Date as to which there is a Net WAC Rate Carryover Amount payable to any Class of Certificates, the Securities Administrator shall, in accordance with the Remittance Report for such Distribution Date, deposit the amounts pursuant to paragraphs 9 through 17 of clause *third* of Section 6.04(a) into the Net WAC Reserve Fund, and the Securities Administrator has been directed by the Class C Certificateholder to distribute any amounts then on deposit in the Net WAC Reserve Fund to the Holders of the Offered Certificates and Class B-4 Certificates in respect of the Net WAC Rate Carryover Amount for each such Class in the priorities set forth in clause *third* of Section 6.04(a).

(b) The Trustee shall demand payment of all money payable by the Counterparty under the Yield Maintenance Agreement. The Securities Administrator shall deposit in the Net WAC Reserve Fund all payments received by the Counterparty pursuant to the Yield Maintenance Agreement. On each Distribution Date the Securities Administrator shall remit amounts received from the Counterparty to the Holders of the Class A-1 Certificates and Class C Certificates in the following manner and order of priority:

first, to the Class A-1 Certificates, any Additional Interest Amounts for such class of certificates for such distribution date; and

second, any remaining amounts received under the Yield Maintenance Agreement, to the Class C Certificates.

(c) The Net WAC Reserve Fund is an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h) and shall be an asset of the Trust Fund but not an asset of any REMIC. The Trustee on behalf of the Trust shall be the nominal owner of the Net WAC Reserve Fund. The Class C Certificateholders shall be the beneficial owners of the Net WAC Reserve Fund, subject to the power of the Securities Administrator to transfer amounts under Section 6.04(a). Amounts in the Net WAC Reserve Fund shall be held either uninvested in a trust or deposit account of the Securities Administrator with no liability for interest or other compensation thereof or, at the direction of the Majority Class C Certificateholder, be invested in Permitted Investments that mature no later than the Business Day prior to the next succeeding Distribution Date. All net income and gain from such investments shall be distributed to the Majority Class C Certificateholder, not as a distribution in respect of any interest in any REMIC, on such Distribution Date. All amounts earned on amounts on deposit in the Net WAC Reserve Fund shall be taxable to the Majority Class C Certificateholder. Any losses on such investments shall be deposited in the Net WAC Reserve Fund by the Majority Class C Certificateholder out of its own funds immediately as realized. In the event that the Majority Class C Certificateholder shall fail to provide investment instructions to the Securities Administrator, the amounts on deposit in the Net WAC Reserve Fund shall be held uninvested.

(d) For federal tax return and information reporting, the right of the Holders of the Offered Certificates and Class B-4 Certificates to receive payments from the Net WAC Reserve Fund in respect of any Net WAC Rate Carryover Amount shall be assigned a value of zero.

Section 6.09 Class A-1/A-2 Net WAC Pass-Through Amount; Class A-1/A-2 Net WAC Reserve Account.

(a) The Securities Administrator shall establish a Class A-1/A-2 Net WAC Reserve Account on behalf of the Holders of the Class A-1 Certificates and Class A-2 Certificates. The Group I Carryover Shortfall Reserve Fund shall be an Eligible Account. The Class A-1/A-2 Net WAC Reserve Account shall be entitled "Class A-1/A-2 Net WAC Reserve Account, U.S. Bank National Association, as Trustee for the benefit of Holders of Bear Stearns Asset Backed Securities I LLC, Asset-Backed Certificates, Series 2005-AC9, Class A-1 Certificates and Class A-2 Certificates". On the Closing Date, the Depositor will deposit, or cause to be deposited, into the Class A-1/A-2 Net WAC Reserve Account an amount equal to the Class A-1/A-2 Net WAC Reserve Account Deposit.

(b) On each Distribution Date on which the weighted average of the Net Mortgage Rates on the mortgage loans is less than the Class A-1/Class A-2 Target Rate, the Uncertificated Accrued Interest in respect of the REMIC III Regular Interest the ownership of which is represented by the Class A-1 Certificates will include the Class A-1/A-2 Net WAC Pass-Through Amount for such Distribution Date. On each such Distribution Date, the Securities Administrator shall deposit into the Class A-1/A-2 Net WAC Reserve Account the Class A-1/A-2 Net WAC Pass-Through Amount rather than distributing such amount to the Class A-1 Certificateholders. Notwithstanding the foregoing, such Class A-1/A-2 Net WAC Pass-Through Amount shall for federal, state and local tax purposes be deemed distributed to the Class A-1 Certificateholders in respect of the Regular Interest the ownership of which is represented by the Class A-1 Certificates. On each such Distribution Date, the Securities Administrator shall hold the Class A-1/A-2 Net WAC Pass-Through Amount for the benefit of the Holders of the Class A-2 Certificates, and shall distribute such amount to the Holders of the Class A-2 Certificates. Payments to the Holders of the Class A-2 Certificates of any Class A-1/A-2 Net WAC Pass-Through Amount will not be payments with respect to a Regular Interest in a REMIC within the meaning of Code Section 860G(a)(1).

(c) By accepting a Class A-1 Certificate, each Class A-1 Certificateholder thereby agrees to direct the Securities Administrator, and the Securities Administrator is hereby directed, to deposit into the Class A-1/A-2 Net WAC Reserve Account any Class A-1/A-2 Net WAC Pass-Through Amount rather than distributing such amounts to the Class A-1 Certificateholders and further agrees that such direction is given for good and valuable consideration, the receipt and sufficiency of which is acknowledged by such acceptance. By accepting a Class A-1 Certificate, each Class A-1 Certificateholder acknowledges that any such Class A-1/A-2 Net WAC Pass-Through Amount shall for federal, state and local tax purposes be deemed distributed in respect of the Regular Interest the ownership of which is represented by the Class A-1 Certificates. By accepting a Class A-2 Certificate, each Class A-2 Certificateholder acknowledges that for federal, state and local tax purposes any payments of such Class A-1/A-2 Net WAC Pass-Through Amount shall not be payments with respect to a Regular Interest in a REMIC within the meaning of Code Section 860G(a)(1).

(d) The Class A-1/A-2 Net WAC Reserve Account is an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h) and shall be an asset of the Trust Fund but not an asset of any REMIC. The Securities Administrator on behalf of the Trust shall be the nominal owner of the Class A-1/A-2 Net WAC Reserve Account. The Class A-1

Certificateholder shall be the beneficial owner of the Class A-1/A-2 Net WAC Reserve Account, subject to the power of the Securities Administrator to transfer amounts under clause (b) above. Amounts in the Class A-1/A-2 Net WAC Reserve Account shall be held either uninvested in a trust or deposit account of the Securities Administrator with no liability for interest or other compensation thereof or, at the direction of the Class A-1 Certificateholder, be invested in Permitted Investments that mature no later than the Business Day prior to the next succeeding Distribution Date. All net income and gain from such investments shall be distributed to the Class A-1 Certificateholder not as a distribution in respect of any interest in any REMIC on such Distribution Date. All amounts earned on amounts on deposit in the Class A-1/A-2 Net WAC Reserve Account shall be taxable to the Class A-1 Certificateholder. Any losses on such investments shall be deposited in the Class A-1/A-2 Net WAC Reserve Account by the Class A-1 Certificateholder out of its own funds immediately as realized. In the event that the Class A-1 Certificateholder shall fail to provide investment instructions to the Securities Administrator, the related amounts on deposit in the Class A-1/A-2 Net WAC Reserve Account shall be held uninvested.

Section 6.10 Class A-3/A-4 Net WAC Pass-Through Amount; Class A-3/A-4 Net WAC Reserve Account.

(a) The Securities Administrator shall establish a Class A-3/A-4 Net WAC Reserve Account on behalf of the Holders of the Class A-3 Certificates and Class A-4 Certificates. The Group I Carryover Shortfall Reserve Fund shall be an Eligible Account. The Class A-3/A-4 Net WAC Reserve Account shall be entitled "Class A-3/A-4 Net WAC Reserve Account, U.S. Bank National Association, as Trustee for the benefit of Holders of Bear Stearns Asset Backed Securities I LLC, Asset-Backed Certificates, Series 2005-AC9, Class A-3 Certificates and Class A-4 Certificates". On the Closing Date, the Depositor will deposit, or cause to be deposited, into the Class A-3/A-4 Net WAC Reserve Account an amount equal to the Class A-3/A-4 Net WAC Reserve Account Deposit.

(b) On each Distribution Date on which the weighted average of the Net Mortgage Rates on the mortgage loans is less than the Class A-3/Class A-4 Target Rate, the Uncertificated Accrued Interest in respect of the REMIC III Regular Interest the ownership of which is represented by the Class A-3 Certificates will include the Class A-3/A-4 Net WAC Pass-Through Amount for such Distribution Date. On each such Distribution Date, the Securities Administrator shall deposit into the Class A-3/A-4 Net WAC Reserve Account the Class A-3/A-4 Net WAC Pass-Through Amount rather than distributing such amount to the Class A-3 Certificateholders. Notwithstanding the foregoing, such Class A-3/A-4 Net WAC Pass-Through Amount shall for federal, state and local tax purposes be deemed distributed to the Class A-3 Certificateholders in respect of the Regular Interest the ownership of which is represented by the Class A-3 Certificates. On each such Distribution Date, the Securities Administrator shall hold the Class A-3/A-4 Net WAC Pass-Through Amount for the benefit of the Holders of the Class A-4 Certificates, and shall distribute such amount to the Holders of the Class A-4 Certificates. Payments to the Holders of the Class A-4 Certificates of any Class A-3/A-4 Net WAC Pass-Through Amount will not be payments with respect to a Regular Interest in a REMIC within the meaning of Code Section 860G(a)(1).

(c) By accepting a Class A-3 Certificate, each Class A-3 Certificateholder thereby agrees to direct the Securities Administrator, and the Securities Administrator is hereby directed,

to deposit into the Class A-3/A-4 Net WAC Reserve Account any Class A-3/A-4 Net WAC Pass-Through Amount rather than distributing such amounts to the Class A-3 Certificateholders and further agrees that such direction is given for good and valuable consideration, the receipt and sufficiency of which is acknowledged by such acceptance. By accepting a Class A-3 Certificate, each Class A-3 Certificateholder acknowledges that any such Class A-3/A-4 Net WAC Pass-Through Amount shall for federal, state and local tax purposes be deemed distributed in respect of the Regular Interest the ownership of which is represented by the Class A-3 Certificates. By accepting a Class A-4 Certificate, each Class A-4 Certificateholder acknowledges that for federal, state and local tax purposes any payments of such Class A-3/A-4 Net WAC Pass-Through Amount shall not be payments with respect to a Regular Interest in a REMIC within the meaning of Code Section 860G(a)(1).

(d) The Class A-3/A-4 Net WAC Reserve Account is an "outside reserve fund" within the meaning of Treasury Regulation Section 1.860G-2(h) and shall be an asset of the Trust Fund but not an asset of any REMIC. The Securities Administrator on behalf of the Trust shall be the nominal owner of the Class A-3/A-4 Net WAC Reserve Account. The Class A-3 Certificateholder shall be the beneficial owner of the Class A-3/A-4 Net WAC Reserve Account, subject to the power of the Securities Administrator to transfer amounts under clause (b) above. Amounts in the Class A-3/A-4 Net WAC Reserve Account shall be held either uninvested in a trust or deposit account of the Securities Administrator with no liability for interest or other compensation thereof or, at the direction of the Class A-3 Certificateholder, be invested in Permitted Investments that mature no later than the Business Day prior to the next succeeding Distribution Date. All net income and gain from such investments shall be distributed to the Class A-3 Certificateholder not as a distribution in respect of any interest in any REMIC on such Distribution Date. All amounts earned on amounts on deposit in the Class A-3/A-4 Net WAC Reserve Account shall be taxable to the Class A-3 Certificateholder. Any losses on such investments shall be deposited in the Class A-3/A-4 Net WAC Reserve Account by the Class A-3 Certificateholder out of its own funds immediately as realized. In the event that the Class A-3 Certificateholder shall fail to provide investment instructions to the Securities Administrator, the related amounts on deposit in the Class A-3/A-4 Net WAC Reserve Account shall be held uninvested.

Section 6.11 Class P Certificate Account. The Securities Administrator shall establish and maintain with itself a separate, segregated trust account titled "Bear Stearns Asset-Backed Securities I Trust 2005-AC9 Class P Certificate Account". On the Closing Date, the Depositor will deposit, or cause to be deposited, in the Class P Certificate Account \$100.00. The amount on deposit in the Class P Certificate Account shall be held uninvested. On the August 2010 Distribution Date, the Securities Administrator shall withdraw the amount on deposit in the Class P Certificate Account and remit such amount to the Holders of the Class P Certificates in reduction of the Certificate Principal Balance thereof.

Section 6.12 Class A-5 Policy Matters.

(a) If, on the second Business Day before any Distribution Date, the Securities Administrator, on behalf of the Trustee, determines that a Class A-5 Deficiency Amount is required to be paid by the Class A-5 Insurer on such Distribution Date, the Securities Administrator shall determine the amount of any such Class A-5 Deficiency Amount and shall prepare a Class A-5 Notice of Nonpayment in the form of Exhibit A to the Class A-5 Policy and

execute and submit such Class A-5 Notice of Nonpayment to the Class A-5 Insurer by 12:00 noon, New York City time on the second Business Day before such Distribution Date as a claim for a Class A-5 Deficiency Amount. The Securities Administrator's responsibility for delivering a Class A-5 Notice of Nonpayment to the Class A-5 Insurer, as provided in the preceding sentence, is limited to the availability, timeliness and accuracy of the information required to be provided hereunder by the Master Servicer to the Securities Administrator.

(b) In the event the Securities Administrator receives a certified copy, with a copy to the Trustee, of an order of the appropriate court that any scheduled payment of principal or interest on a Class A-5 Certificate has been voided in whole or in part as a preference payment under applicable bankruptcy law, the Securities Administrator shall promptly notify the Class A-5 Insurer in writing, as appropriate and the fiscal agent, if any, and the Securities Administrator shall make a claim on the Class A-5 Policy in accordance with the provisions thereof to obtain payment by the Class A-5 Insurer of such voided scheduled payment. In addition, the Securities Administrator shall mail notice to all Holders of the Class A-5 Certificates, as applicable, so affected that, in the event that any such Holder's scheduled payment is so recovered, such Holder will be entitled to payment pursuant to the terms of the Class A-5 Policy, a copy of which shall be made available to such Holders by the Securities Administrator. The Securities Administrator shall furnish to the Class A-5 Insurer and the appropriate fiscal agent, if any, its records listing the payments on the affected Class A-5 Certificates, if any, that have been made by the Securities Administrator and subsequently recovered from the affected Holders, and the dates on which such payments were made by the Securities Administrator.

(c) At the time of the execution hereof, and for purposes hereof, the Securities Administrator shall establish a separate special purpose trust account in the name of the Trustee for the benefit of the Holders of the Class A-5 Certificates and the Class A-5 Insurer (the "Class A-5 Policy Payments Account") over which the Securities Administrator, on behalf of the Trustee, shall have exclusive control and sole right of withdrawal. The Class A-5 Policy Payments Account shall be an Eligible Account. The Securities Administrator shall deposit any amount received by it and paid under the Class A-5 Policy into the Class A-5 Policy Payments Account and distribute such amount only for the purposes of making payments to the Holders of the Class A-5 Certificates, in respect of related Class A-5 Insured Amounts (or other amounts payable pursuant to paragraph (b) above on the Class A-5 Certificates by the Class A-5 Insurer pursuant to the Class A-5 Policy) for which the related claim was made under the Class A-5 Policy. Such amounts shall be allocated by the Securities Administrator to Holders of the Class A-5 Certificates entitled to such payments in the same manner as principal and interest distributions are to be allocated with respect to such Certificates pursuant to Section 6.04. It shall not be necessary for such payments to be made by checks or by wire transfers separate from the checks or wire transfers used to make regular payments hereunder with funds withdrawn from the Distribution Account. However, any payments made on the Class A-5 Certificates from funds in the Class A-5 Policy Payments Account shall be noted as provided in subsection (e) below. Funds held in the Class A-5 Policy Payments Account shall not be invested by the Securities Administrator.

(d) Any funds received by the Securities Administrator from the Class A-5 Insurer for deposit into the Class A-5 Policy Payments Account pursuant to the Class A-5 Policy in respect of a Distribution Date or otherwise as a result of any claim under such Class A-5 Policy shall be applied by the Securities Administrator directly to the payment in full of the Class A-5 Insured

Amounts due on such Distribution Date on the Class A-5 Certificates. Funds received by the Securities Administrator as a result of any claim under the Class A-5 Policy shall be used solely for payment to the Holders of the Class A-5 Certificates and may not be applied for any purpose, including, without limitation, satisfaction of any costs, expenses or liabilities of the Trustee, the Securities Administrator, the Master Servicer, any Servicer, the Depositor or the Trust Fund. Any funds remaining in the Class A-5 Policy Payments Account on the first Business Day after each Distribution Date (other than the Final Scheduled Distribution Date to the extent of funds remaining in the Class A-5 Policy Payments Account required to be paid to Holders of the Class A-5 Certificates) shall be remitted promptly by the Securities Administrator to the Class A-5 Insurer pursuant to written instructions of the Class A-5 Insurer.

(e) The Securities Administrator shall keep complete and accurate records in respect of (i) all funds remitted to the Securities Administrator by the Class A-5 Insurer and deposited into the Class A-5 Policy Payments Account and (ii) the allocation of such funds to (A) payments of interest on and principal in respect of any Class A-5 Certificates and (B) payments in respect of Class A-5 Preference Amounts. The Class A-5 Insurer shall have the right to inspect such records at reasonable times during normal business hours upon three Business Days' prior written notice to the Securities Administrator. Any Class A-5 Insured Amounts disbursed by the Securities Administrator from proceeds of the Class A-5 Policy shall be considered payment by the Class A-5 Insurer and not by the Trust Fund with respect to the Class A-5 Certificates and Class A-5 Insurer will be entitled to receive the Class A-5 Reimbursement Amount pursuant to Section 6.04.

(f) The Securities Administrator acknowledges, and each Holder of a Class A-5 Certificate by its acceptance of such Certificate agrees that, without the need for any further action on the part of the Class A-5 Insurer or the Securities Administrator, to the extent the Class A-5 Insurer pays Class A-5 Insured Amounts, directly or indirectly, on account of principal of interest on any Class A-5 Certificates, the Class A-5 Insurer shall be fully subrogated to the rights of the Holders of such Class A-5 Certificates to receive the Class A-5 Reimbursement Amount pursuant to Section 6.04. The Class A-5 Certificateholders, by acceptance of such Certificates, assign to the Class A-5 Insurer their rights as Holders of the Class A-5 Certificates, to the extent of the Class A-5 Insurer's interest with respect to amounts paid under the Class A-5 Policy. Each of the Depositor and the Securities Administrator agrees to such subrogation and, further agrees to execute such instruments and to take such reasonable actions at the expense of the Trust Fund as, in the sole judgment of the Class A-5 Insurer, are necessary to evidence and, subject to the priority of payment provisions of this Agreement, to perfect the rights of the Class A-5 Insurer to receive any moneys paid or payable in respect of the Class A-5 Certificates under this Agreement or otherwise. Anything herein to the contrary notwithstanding, solely for purposes of determining the Class A-5 Insurer's voting or control rights as subrogee for payments distributable pursuant to Section 6.04, any payment with respect to distributions to the Class A-5 Policy shall not be considered payment of the Class A-5 Certificates from the Trust Fund and shall not result in the distribution or the provision for the distribution in reduction of the Certificate Principal Balances of the Class A-5 Certificates or Accrued Certificate Interest thereon.

(g) The Securities Administrator shall promptly notify the Class A-5 Insurer of either of the following as to which a Responsible Officer of the Trustee has actual knowledge: (A) the commencement of any proceeding by or against the Depositor commenced under the United

States bankruptcy code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") and (B) the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer (a "Preference Claim") of any distribution made with respect to the Class A-5 Certificates. Each Holder of a Class A-5 Certificate, by its purchase of such Certificate, and the Trustee hereby agree that the Class A-5 Insurer (so long as no Class A-5 Insurer Default exists) may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Claim, including, without limitation, (i) the direction of any appeal of any order relating to any Preference Claim and (ii) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition and without limitation of the foregoing, the Class A-5 Insurer shall be subrogated to the rights of the Trustee and each Holder of a Class A-5 Certificate, in the conduct of any Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

(h) The Trustee, or the Securities Administrator on its behalf, shall surrender the Class A-5 Policy to the Class A-5 Insurer for cancellation upon the termination of the Trust Fund pursuant to Article IX hereof.

(i) The Trustee, or the Securities Administrator on its behalf, shall, upon retirement of the Class A-5 Certificates, furnish to the Class A-5 Insurer a notice of such retirement, and, upon retirement of the Class A-5 Certificates and the expiration of the Class A-5 Policy, surrender the Class A-5 Policy to the Class A-5 Insurer for cancellation.

(j) The Trustee, or the Securities Administrator on its behalf, shall hold the Class A-5 Policy in trust as agent for the Holders of the Class A-5 Certificates for purposes of making claims thereon and distributing the proceeds thereof. Neither the Class A-5 Policy nor the amounts paid on the Class A-5 Policy shall constitute part of the Trust Fund by this Agreement. Each Holder of Class A-5 Certificates, by accepting its Class A-5 Certificate appoints the Securities Administrator as attorney in fact for the purpose of making claims on the Class A-5 Policy.

(k) The Class A-5 Insurer Premium Amount to be paid pursuant to Section 6.04(b) shall be paid by the Securities Administrator to the Class A-5 Insurer in accordance with the Class A-5 Insurance Agreement and this Agreement.

ARTICLE VII

THE CERTIFICATES

Section 7.01 The Certificates.

The Certificates shall be substantially in the forms attached hereto as Exhibits A-1 through A-6. The Certificates shall be issuable in registered form, in the minimum dollar denominations, integral dollar multiples in excess thereof (except that one Certificate of each Class may be issued in a different amount which must be in excess of the applicable minimum dollar denomination) and aggregate dollar denominations as set forth in the following table:

Class	Minimum Denomination	Integral Multiple in Excess of Minimum	Original Certificate Principal Balance or Notional Amount	Pass-Through Rate
A-1	\$ 100,000	\$ 1	\$ 60,000,000.00	Class A-1 Pass—Through Rate
A-2	\$ 100,000	\$ 1	\$ N/A	Class A-2 Pass—Through Rate
A-3	\$ 100,000	\$ 1	\$ 118,710,971.00	Class A-3 Pass—Through Rate
A-4	\$ 100,000	\$ 1	\$ 53,959,533.00	Class A-4 Pass—Through Rate
A-5	\$ 100,000	\$ 1	\$ 75,000,000.00	Class A-5 Pass—Through Rate
M-1	\$ 100,000	\$ 1	\$ 37,361,000.00	Class M-1 Pass—Through Rate
M-2	\$ 100,000	\$ 1	\$ 21,233,000	Class M-2 Pass—Through Rate
M-3	\$ 100,000	\$ 1	\$ 8,167,000.00	Class M-3 Pass—Through Rate
B-1	\$ 100,000	\$ 1	\$ 3,879,000.00	Class B-1 Pass—Through Rate
B-2	\$ 100,000	\$ 1	\$ 5,512,000.00	Class B-2 Pass—Through Rate
B-3	\$ 100,000	\$ 1	\$ 6,533,000.00	Class B-3 Pass—Through Rate
B-4	\$ 100,000	\$ 1	\$ 14,495,000.00	Class B-4 Pass—Through Rate
C	\$ 100,000	\$ 1	\$ 408,321,836.88 ⁽¹⁾	Defined in "Pass-Through Rate"
P	\$ 100	N/A	\$ 100.00	N/A
R-1	100%	N/A	N/A	N/A
R-2	100%	N/A	N/A	N/A
R-3	100%	N/A	N/A	N/A

⁽¹⁾ This is a Notional Amount.

The Certificates shall be executed by manual or facsimile signature on behalf of the Securities Administrator by an authorized officer. Certificates bearing the manual or facsimile signatures of individuals who were, at the time when such signatures were affixed, authorized to sign on behalf of the Securities Administrator shall bind the Securities Administrator, notwithstanding that such individuals or any of them have ceased to be so authorized prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such authentication and delivery. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears on such Certificate the countersignature of the Securities Administrator by manual signature, and such countersignature upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly countersigned and delivered hereunder. All Certificates shall be dated the date of their countersignature. On the Closing Date, the Securities Administrator shall authenticate the Certificates to be issued at the written direction of the Depositor, or any affiliate thereof.

The Depositor shall provide, or cause to be provided, to the Securities Administrator on a continuous basis, an adequate inventory of Certificates to facilitate transfers.

Section 7.02 Certificate Register, Registration of Transfer and Exchange of Certificates.

(a) The Securities Administrator shall maintain, or cause to be maintained in accordance with the provisions of Section 7.09 hereof, a Certificate Register for the Trust Fund in which, subject to the provisions of Subsections (b) and (c) below and to such reasonable regulations as it may prescribe, the Securities Administrator shall provide for the registration of Certificates and of Transfers and exchanges of Certificates as herein provided. Upon surrender for registration of Transfer of any Certificate, the Securities Administrator shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of the same Class and of like aggregate Percentage Interest.

At the option of a Certificateholder, Certificates may be exchanged for other Certificates of the same Class in authorized denominations and evidencing the same aggregate Percentage Interest upon surrender of the Certificates to be exchanged at the office or agency of the Securities Administrator. Whenever any Certificates are so surrendered for exchange, the Securities Administrator shall execute, authenticate, and deliver the Certificates that the Certificateholder making the exchange is entitled to receive. Every Certificate presented or surrendered for registration of Transfer or exchange shall be accompanied by a written instrument of Transfer in form satisfactory to the Securities Administrator duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge to the Certificateholders shall be made for any registration of Transfer or exchange of Certificates, but payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any Transfer or exchange of Certificates may be required.

All Certificates surrendered for registration of Transfer or exchange shall be canceled and subsequently destroyed by the Securities Administrator in accordance with the Securities Administrator's customary procedures.

(b) No Transfer of a Private Certificate shall be made unless such Transfer is made pursuant to an effective registration statement under the Securities Act and any applicable state securities laws or is exempt from the registration requirements under the Securities Act and such state securities laws. In the event that a Transfer is to be made in reliance upon an exemption from the Securities Act and such laws, in order to assure compliance with the Securities Act and such laws, the Certificateholder desiring to effect such Transfer and such Certificateholder's prospective transferee shall each certify to the Securities Administrator in writing the facts surrounding the Transfer in substantially the forms set forth in Exhibit D (the "Transferor Certificate") and (x) deliver a letter in substantially the form of either Exhibit E (the "Investment Letter") or Exhibit F (the "Rule 144A Letter") or (y) there shall be delivered to the Securities Administrator an Opinion of Counsel addressed to the Securities Administrator that such Transfer may be made pursuant to an exemption from the Securities Act, which Opinion of Counsel shall not be an expense of the Depositor, the Seller, the Master Servicer, the Securities Administrator or the Trustee. The Depositor shall provide to any Holder of a Private Certificate

and any prospective transferee designated by any such Holder, information regarding the related Certificates and the Mortgage Loans and such other information as shall be necessary to satisfy the condition to eligibility set forth in Rule 144A(d)(4) for Transfer of any such Certificate without registration thereof under the Securities Act pursuant to the registration exemption provided by Rule 144A. The Securities Administrator and the Master Servicer shall cooperate with the Depositor in providing the Rule 144A information referenced in the preceding sentence, including providing to the Depositor such information regarding the Certificates, the Mortgage Loans and other matters regarding the Trust Fund as the Depositor shall reasonably request to meet its obligation under the preceding sentence. Notwithstanding the provisions of the immediately preceding sentence, no restrictions shall apply with respect to the transfer or registration of transfer of a beneficial interest in any Certificate that is a Global Certificate of a Class to a transferee that takes delivery in the form of a beneficial interest in the Global Certificate of such Class provided that each such transferee shall be deemed to have made such representations and warranties contained in the Rule 144A and Related Matters Certificate as are sufficient to establish that it is a QIB. Each Holder of a Private Certificate desiring to effect such Transfer shall, and does hereby agree to, indemnify the Trustee, the Depositor, the Seller, the Securities Administrator and the Master Servicer against any liability that may result if the Transfer is not so exempt or is not made in accordance with such federal and state laws.

No Transfer of an ERISA Restricted Certificate shall be made unless either (i) the Master Servicer and the Securities Administrator shall have received a representation from the transferee of such Certificate acceptable to and in form and substance satisfactory to the Master Servicer and the Securities Administrator, to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA and/or a plan subject to Section 4975 of the Code, or a Person acting on behalf of any such plan or using the assets of any such plan, or (ii) in the case of any such ERISA Restricted Certificate (other than a Class B-4 Certificate) presented for registration in the name of an employee benefit plan subject to ERISA, or a plan subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), or a trustee of any such plan or any other person acting on behalf of any such plan, the Securities Administrator shall have received an Opinion of Counsel for the benefit of the Trustee, the Master Servicer and the Securities Administrator and on which they may rely, satisfactory to the Securities Administrator, to the effect that the purchase and holding of such ERISA Restricted Certificate is permissible under applicable law, will not constitute or result in the assets of the Trust being deemed to be "plan assets" under ERISA or the Code, will not result in any prohibited transactions under ERISA or Section 4975 of the Code and will not subject the Trustee, the Master Servicer, the Depositor or the Securities Administrator to any obligation in addition to those expressly undertaken in this Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer, the Depositor or the Securities Administrator or (iii) in the case of a Class B-4 Certificate, the transferee provides a representation, or deemed representation in the case of the Global Certificate or an opinion of counsel to the effect that the proposed transfer and holding of a Private Certificate and the servicing, management and operation of the Trust Fund and its assets: (I) will not result in any prohibited transaction which is not covered under an individual or class prohibited transaction exemption, including, but not limited to, Prohibited Transaction Exemption ("PTE") 84-14, PTE 91-38, PTE 90-1, PTE 95-60 or PTE 96-23 and (II) will not give rise to any additional obligations on the part of the Depositor, the Securities Administrator, the Master Servicer or the Trustee. Notwithstanding anything else to the contrary herein, any purported transfer of an ERISA Restricted Certificate to or on behalf

of an employee benefit plan subject to Section 406 of ERISA and/or a plan subject to Section 4975 of the Code other than in compliance with this paragraph as described above shall be void and of no effect. None of the Trustee, the Securities Administrator or the Master Servicer shall be required to monitor, determine or inquire as to compliance with the transfer restrictions with respect to any ERISA Restricted Certificate that is a Book-Entry Certificate, and none of the Trustee, the Securities Administrator or the Master Servicer shall have any liability for transfers of any such Book-Entry Certificates made through the book-entry facilities of any Depository or between or among participants of the Depository or Certificate Owners made in violation of the transfer restrictions set forth herein. None of the Trustee, the Securities Administrator or the Master Servicer shall be under any liability to any Person for any registration of transfer of any ERISA Restricted Certificate that is in fact not permitted by this Section 7.02(b) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement. The Trustee and the Securities Administrator shall each be entitled, but not obligated, to recover from any Holder of any ERISA Restricted Certificate that was in fact an employee benefit plan subject to Section 406 of ERISA or a plan subject to Section 4975 of the Code or a Person acting on behalf of any such plan at the time it became a Holder or, at such subsequent time as it became such a plan or Person acting on behalf of such a plan, all payments made on such ERISA Restricted Certificate at and after either such time. Any such payments so recovered by the Trustee or the Securities Administrator shall be paid and delivered by the Trustee or the Securities Administrator to the last preceding Holder of such Certificate that is not such a plan or Person acting on behalf of a plan.

Each beneficial owner of a Subordinate Certificate (other than a Class B-4 Certificate) or any interest therein shall be deemed to have represented, by virtue of its acquisition or holding of that certificate or interest therein, that either (i) it is not a Plan or investing with "Plan Assets", (ii) it has acquired and is holding such certificate in reliance on the Exemption, and that it understands that there are certain conditions to the availability of the Exemption, including that the certificate must be rated, at the time of purchase, not lower than "BBB-" (or its equivalent) by S&P, Fitch Ratings or Moody's, and the certificate is so rated or (iii) (1) it is an insurance company, (2) the source of funds used to acquire or hold the certificate or interest therein is an "insurance company general account," as such term is defined in Prohibited Transaction Class Exemption ("PTCE") 95-60, and (3) the conditions in Sections I and III of PTCE 95-60 have been satisfied.

(c) Each Person who has or who acquires any Ownership Interest in a Residual Certificate shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the following provisions, and the rights of each Person acquiring any Ownership Interest in a Residual Certificate are expressly subject to the following provisions:

(i) Each Person holding or acquiring any Ownership Interest in a Residual Certificate shall be a Permitted Transferee and shall promptly notify the Securities Administrator of any change or impending change in its status as a Permitted Transferee.

(ii) No Ownership Interest in a Residual Certificate may be registered on the Closing Date or thereafter transferred, and the Securities Administrator shall not register the Transfer of any Residual Certificate unless, in addition to the certificates required to be delivered to the Securities Administrator under subparagraph (b) above, the Securities

Administrator shall have been furnished with an affidavit (a "Transfer Affidavit") of the initial owner or the proposed transferee in the form attached hereto as Exhibit C.

(iii) Each Person holding or acquiring any Ownership Interest in a Residual Certificate shall agree (A) to obtain a Transfer Affidavit from any other Person to whom such Person attempts to Transfer its Ownership Interest in a Residual Certificate, (B) to obtain a Transfer Affidavit from any Person for whom such Person is acting as nominee, trustee or agent in connection with any Transfer of a Residual Certificate and (C) not to Transfer its Ownership Interest in a Residual Certificate or to cause the Transfer of an Ownership Interest in a Residual Certificate to any other Person if it has actual knowledge that such Person is not a Permitted Transferee.

(iv) Any attempted or purported Transfer of any Ownership Interest in a Residual Certificate in violation of the provisions of this Section 7.02(c) shall be absolutely null and void and shall vest no rights in the purported Transferee. If any purported transferee shall become a Holder of a Residual Certificate in violation of the provisions of this Section 7.02(c), then the last preceding Permitted Transferee shall be restored to all rights as Holder thereof retroactive to the date of registration of Transfer of such Residual Certificate. The Trustee and Securities Administrator shall be under no liability to any Person for any registration of Transfer of a Residual Certificate that is in fact not permitted by Section 7.02(b) and this Section 7.02(c) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the Transfer was registered after receipt of the related Transfer Affidavit. The Trustee and the Securities Administrator shall be entitled but not obligated to recover from any Holder of a Residual Certificate that was in fact not a Permitted Transferee at the time it became a Holder or, at such subsequent time as it became other than a Permitted Transferee, all payments made on such Residual Certificate at and after either such time. Any such payments so recovered by the Securities Administrator shall be paid and delivered by the Trustee to the last preceding Permitted Transferee of such Certificate.

(v) The Master Servicer shall make available within 60 days of written request from the Securities Administrator, all information necessary to compute any tax imposed under Section 860E(e) of the Code as a result of a Transfer of an Ownership Interest in a Residual Certificate to any Holder who is not a Permitted Transferee.

The restrictions on Transfers of a Residual Certificate set forth in this Section 7.02(c) shall cease to apply (and the applicable portions of the legend on a Residual Certificate may be deleted) with respect to Transfers occurring after delivery to the Securities Administrator and the Class A-5 Insurer of an Opinion of Counsel addressed to the Securities Administrator and the Class A-5 Insurer, which Opinion of Counsel shall not be an expense of the Trustee, the Securities Administrator, the Seller, the Class A-5 Insurer or the Master Servicer to the effect that the elimination of such restrictions, or any transfers allowed by such elimination, will not cause REMIC I, REMIC II or REMIC III, as applicable, to fail to qualify as a REMIC at any time that the Certificates are outstanding or result in the imposition of any tax on the Trust Fund, a Certificateholder or another Person. Each Person holding or acquiring any ownership Interest in a Residual Certificate hereby consents to any amendment of this Agreement that, based on an Opinion of Counsel addressed to the Securities Administrator and the Class A-5 Insurer and

furnished to the Securities Administrator and the Class A-5 Insurer, is reasonably necessary (a) to ensure that the record ownership of, or any beneficial interest in, a Residual Certificate is not transferred, directly or indirectly, to a Person that is not a Permitted Transferee and (b) to provide for a means to compel the Transfer of a Residual Certificate that is held by a Person that is not a Permitted Transferee to a Holder that is a Permitted Transferee.

(d) The preparation and delivery of all certificates and opinions referred to above in this Section 7.02 shall not be an expense of the Trust Fund, the Trustee, the Depositor, the Seller, the Securities Administrator or the Master Servicer.

(e) Subject to Subsection 7.02(i), so long as a Global Certificate of such Class is outstanding and is held by or on behalf of the Depository, transfers of beneficial interests in such Global Certificate, or transfers by holders of Individual Certificates of such Class to transferees that take delivery in the form of beneficial interests in the Global Certificate, may be made only in accordance with Subsection 7.02(b) and in accordance with the rules of the Depository:

(i) In the case of a beneficial interest in the Global Certificate being transferred to an Institutional Accredited Investor, such transferee shall be required to take delivery in the form of an Individual Certificate or Certificates and the Securities Administrator shall register such transfer only upon compliance with the provisions of Subsection 7.02(b).

(ii) In the case of a beneficial interest in a Class of Global Certificates being transferred to a transferee that takes delivery in the form of an Individual Certificate or Certificates of such Class, except as set forth in clause (i) above, the Securities Administrator shall register such transfer only upon compliance with the provisions of Subsection 7.02(b).

(iii) In the case of an Individual Certificate of a Class being transferred to a transferee that takes delivery in the form of a beneficial interest in a Global Certificate of such Class, the Securities Administrator shall register such transfer if the transferee has provided the Securities Administrator with a Rule 144A and Related Matters Certificate or comparable evidence as to its QIB status.

(iv) No restrictions shall apply with respect to the transfer or registration of transfer of a beneficial interest in the Global Certificate of a Class to a transferee that takes delivery in the form of a beneficial interest in the Global Certificate of such Class; provided that each such transferee shall be deemed to have made such representations and warranties contained in the Rule 144A and Related Matters Certificate as are sufficient to establish that it is a QIB.

(f) Subject to Subsection 7.02(h), an exchange of a beneficial interest in a Global Certificate of a Class for an Individual Certificate or Certificates of such Class, an exchange of an Individual Certificate or Certificates of a Class for a beneficial interest in the Global Certificate of such Class and an exchange of an Individual Certificate or Certificates of a Class for another Individual Certificate or Certificates of such Class (in each case, whether or not such exchange is made in anticipation of subsequent transfer, and, in the case of the Global Certificate of such Class, so long as such Certificate is outstanding and is held by or on behalf of

the Depository) may be made only in accordance with this Subsection 7.02(e) and in accordance with the rules of the Depository:

(i) A holder of a beneficial interest in a Global Certificate of a Class may at any time exchange such beneficial interest for an Individual Certificate or Certificates of such Class.

(ii) A holder of an Individual Certificate or Certificates of a Class may exchange such Certificate or Certificates for a beneficial interest in the Global Certificate of such Class if such holder furnishes to the Securities Administrator a Rule 144A and Related Matters Certificate or comparable evidence as to its QIB status.

(iii) A holder of an Individual Certificate of a Class may exchange such Certificate for an equal aggregate principal amount of Individual Certificates of such Class in different authorized denominations without any certification.

(g) (i) Upon acceptance for exchange or transfer of an Individual Certificate of a Class for a beneficial interest in a Global Certificate of such Class as provided herein, the Securities Administrator shall cancel such Individual Certificate and shall (or shall request the Depository to) endorse on the schedule affixed to the applicable Global Certificate (or on a continuation of such schedule affixed to the Global Certificate and made a part thereof) or otherwise make in its books and records an appropriate notation evidencing the date of such exchange or transfer and an increase in the certificate balance of the Global Certificate equal to the certificate balance of such Individual Certificate exchanged or transferred therefor.

(ii) Upon acceptance for exchange or transfer of a beneficial interest in a Global Certificate of a Class for an Individual Certificate of such Class as provided herein, the Securities Administrator shall (or shall request the Depository to) endorse on the schedule affixed to such Global Certificate (or on a continuation of such schedule affixed to such Global Certificate and made a part thereof) or otherwise make in its books and records an appropriate notation evidencing the date of such exchange or transfer and a decrease in the certificate balance of such Global Certificate equal to the certificate balance of such Individual Certificate issued in exchange therefor or upon transfer thereof.

(h) Any Individual Certificate issued in exchange for or upon transfer of another Individual Certificate or of a beneficial interest in a Global Certificate shall bear the applicable legends set forth in Exhibit A-2.

(i) Subject to the restrictions on transfer and exchange set forth in this Section 7.02, the holder of any Individual Certificate may transfer or exchange the same in whole or in part (in an initial certificate balance equal to the minimum authorized denomination set forth in Section 7.01 above or any integral multiple of \$1.00 in excess thereof) by surrendering such Certificate at the Corporate Trust Office, or at the office of any transfer agent, together with an executed instrument of assignment and transfer satisfactory in form and substance to the Securities Administrator and the Securities Administrator in the case of transfer and a written request for exchange in the case of exchange. The holder of a beneficial interest in a Global Certificate may, subject to the rules and procedures of the Depository, cause the Depository (or

its nominee) to notify the Securities Administrator and the Securities Administrator in writing of a request for transfer or exchange of such beneficial interest for an Individual Certificate or Certificates. Following a proper request for transfer or exchange, the Securities Administrator shall, within five Business Days of such request made at the Corporate Trust Office, sign, countersign and deliver at the Corporate Trust Office, to the transferee (in the case of transfer) or holder (in the case of exchange) or send by first class mail at the risk of the transferee (in the case of transfer) or holder (in the case of exchange) to such address as the transferee or holder, as applicable, may request, an Individual Certificate or Certificates, as the case may require, for a like aggregate Percentage Interest and in such authorized denomination or denominations as may be requested. The presentation for transfer or exchange of any Individual Certificate shall not be valid unless made at the Corporate Trust Office by the registered holder in person, or by a duly authorized attorney-in-fact.

None of the Trustee, the Securities Administrator or the Master Servicer shall be required to monitor, determine or inquire as to compliance with the transfer restrictions with respect to the Global Certificates. Any attempted or purported transfer of any Certificate in violation of the provisions of Subsections (a) or (b) above shall be void ab initio and such Certificate shall be considered to have been held continuously by the prior permitted Certificateholder. Any transferor of any Certificate in violation of such provisions, shall indemnify and hold harmless the Trustee, the Securities Administrator and the Master Servicer from and against any and all liabilities, claims, costs or expenses incurred by the Securities Administrator, the Trustee or the Master Servicer as a result of such attempted or purported transfer. Neither the Trustee nor the Securities Administrator shall have any liability for transfer of any such Global Certificates in or through book-entry facilities of any Depository or between or among Depository Participants or Certificate Owners made in violation of the transfer restrictions set forth herein.

Section 7.03 Mutilated, Destroyed, Lost or Stolen Certificates.

If (a) any mutilated Certificate is surrendered to the Securities Administrator, or the Securities Administrator receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and of the ownership thereof and (b) there is delivered to the Securities Administrator and the Securities Administrator (and with respect to any Class A-5 Certificates to the Class A-5 Insurer) such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Securities Administrator that such Certificate has been acquired by a bona fide purchaser, the Securities Administrator shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like Class, tenor and Percentage Interest. In connection with the issuance of any new Certificate under this Section 7.03, the Securities Administrator may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Securities Administrator) connected therewith. Any replacement Certificate issued pursuant to this Section 7.03 shall constitute complete and indefeasible evidence of ownership in the Trust Fund, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time. All Certificates surrendered to the Securities Administrator under the terms of this Section 7.03 shall be canceled and destroyed by the Securities Administrator in accordance with its standard procedures without liability on its part.

Section 7.04 Persons Deemed Owners.

The Securities Administrator, the Trustee, the Class A-5 Insurer and any agent of the Securities Administrator, the Trustee or the Class A-5 Insurer may treat the person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions as provided in this Agreement and for all other purposes whatsoever, and neither the Securities Administrator, the Trustee, the Class A-5 Insurer nor any agent of the Securities Administrator, the Trustee or the Class A-5 Insurer shall be affected by any notice to the contrary.

Section 7.05 Access to List of Certificateholders' Names and Addresses.

If three or more Certificateholders (a) request such information in writing from the Securities Administrator, (b) state that such Certificateholders desire to communicate with other Certificateholders with respect to their rights under this Agreement or under the Certificates, and (c) provide a copy of the communication that such Certificateholders propose to transmit or if the Depositor, the Class A-5 Insurer or the Master Servicer shall request such information in writing from the Securities Administrator, then the Securities Administrator shall, within ten Business Days after the receipt of such request, provide the Depositor, the Class A-5 Insurer, the Master Servicer or such Certificateholders at such recipients' expense the most recent list of the Certificateholders of the Trust Fund held by the Securities Administrator, if any. The Depositor and every Certificateholder, by receiving and holding a Certificate, agree that the Securities Administrator shall not be held accountable by reason of the disclosure of any such information as to the list of the Certificateholders hereunder, regardless of the source from which such information was derived.

Section 7.06 Book-Entry Certificates.

The Regular Certificates, upon original issuance, shall be issued in the form of one or more typewritten Certificates representing the Book-Entry Certificates, to be delivered to the Depository by or on behalf of the Depositor. Such Certificates shall initially be registered on the Certificate Register in the name of the Depository or its nominee, and no Certificate Owner of such Certificates will receive a definitive certificate representing such Certificate Owner's interest in such Certificates, except as provided in Section 7.08. Unless and until definitive, fully registered Certificates ("Definitive Certificates") have been issued to the Certificate Owners of such Certificates pursuant to Section 7.08:

- (a) the provisions of this Section shall be in full force and effect;
- (b) the Depositor, the Securities Administrator and the Trustee may deal with the Depository and the Depository Participants for all purposes (including the making of distributions) as the authorized representative of the respective Certificate Owners of such Certificates;
- (c) registration of the Book-Entry Certificates may not be transferred by the Securities Administrator except to another Depository;

(d) the rights of the respective Certificate Owners of such Certificates shall be exercised only through the Depository and the Depository Participants and shall be limited to those established by law and agreements between the Owners of such Certificates and the Depository and/or the Depository Participants. Pursuant to the Depository Agreement, unless and until Definitive Certificates are issued pursuant to Section 7.08, the Depository will make book-entry transfers among the Depository Participants and receive and transmit distributions of principal and interest on the related Certificates to such Depository Participants;

(e) the Depository may collect its usual and customary fees, charges and expenses from its Depository Participants;

(f) the Securities Administrator may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its Depository Participants; and

(g) to the extent that the provisions of this Section conflict with any other provisions of this Agreement, the provisions of this Section shall control.

For purposes of any provision of this Agreement requiring or permitting actions with the consent of, or at the direction of, Certificateholders evidencing a specified percentage of the aggregate unpaid principal amount of any Class of Certificates, such direction or consent may be given by Certificate Owners (acting through the Depository and the Depository Participants) owning Book-Entry Certificates evidencing the requisite percentage of principal amount of such Class of Certificates.

The Private Certificates shall initially be held in fully registered certificated form. If at any time the Holders of all of the Certificates of one or more such Classes request that the Trustee cause such Class to become Global Certificates, the Depositor (with the assistance of the Trustee) will take such action as may be reasonably required to cause the Depository to accept such Class or Classes for trading if it may legally be so traded. If at anytime there are to be Global Certificates, the Global Certificates shall be delivered to the Depository by the Depositor or deposited with the Securities Administrator as custodian for the Depository.

All transfers by Certificate Owners of such respective Classes of Book-Entry Certificates and any Global Certificates shall be made in accordance with the procedures established by the Depository Participant or brokerage firm representing such Certificate Owners. Each Depository Participant shall only transfer Book-Entry Certificates of Certificate Owners it represents or of brokerage firms for which it acts as agent in accordance with the Depository's normal procedures.

Section 7.07 Notices to Depository.

Whenever any notice or other communication is required to be given to Certificateholders of a Class with respect to which Book-Entry Certificates have been issued, unless and until Definitive Certificates shall have been issued to the related Certificate Owners, the Securities Administrator shall give all such notices and communications to the Depository.

Section 7.08 Definitive Certificates.

If, after Book-Entry Certificates have been issued with respect to any Certificates, (a) the Depositor or the Depository advises the Securities Administrator that the Depository is no longer willing or able to discharge properly its responsibilities under the Depository Agreement with respect to such Certificates and the Depositor is unable to locate a qualified successor, (b) the Depositor, at its sole option, advises the Securities Administrator that it elects to terminate the book-entry system with respect to such Certificates through the Depository or (c) after the occurrence and continuation of an Event of Default, Certificate Owners of such Book-Entry Certificates having not less than 51% of the Voting Rights evidenced by any Class of Book-Entry Certificates advise the Securities Administrator and the Depository in writing through the Depository Participants that the continuation of a book-entry system with respect to Certificates of such Class through the Depository (or its successor) is no longer in the best interests of the Certificate Owners of such Class, then the Securities Administrator shall notify all Certificate Owners of such Certificates, through the Depository, of the occurrence of any such event and of the availability of Definitive Certificates to applicable Certificate Owners requesting the same. The Depositor shall provide the Securities Administrator with an adequate inventory of certificates to facilitate the issuance and transfer of Definitive Certificates. Upon surrender to the Securities Administrator of any such Certificates by the Depository, accompanied by registration instructions from the Depository for registration, the Securities Administrator shall countersign and deliver such Definitive Certificates. Neither the Depositor nor the Securities Administrator shall be liable for any delay in delivery of such instructions and each may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of such Definitive Certificates, all references herein to obligations imposed upon or to be performed by the Depository shall be deemed to be imposed upon and performed by the Securities Administrator, to the extent applicable with respect to such Definitive Certificates and the Securities Administrator shall recognize the Holders of such Definitive Certificates as Certificateholders hereunder.

Section 7.09 Maintenance of Office or Agency.

The Securities Administrator will maintain or cause to be maintained at its expense an office or offices or agency or agencies at Wells Fargo Bank, National Association, Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, where Certificates may be surrendered for registration of transfer or exchange. The Securities Administrator will give prompt written notice to the Certificateholders and the Class A-5 Insurer of any change in such location of any such office or agency.

ARTICLE VIII

THE COMPANY AND THE MASTER SERVICER

Section 8.01 Liabilities of the Depositor, the Company and the Master Servicer. Each of the Depositor, the Company and the Master Servicer shall be liable in accordance herewith only to the extent of the obligations specifically imposed upon and undertaken by it herein.

Section 8.02 Merger or Consolidation of the Depositor, the Company or the Master Servicer.

(a) Each of the Depositor, the Company and the Master Servicer will keep in full force and effect its existence, rights and franchises as a corporation under the laws of the state of its incorporation, and will 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 Agreement and other Transaction Documents to which it is a party, the Certificates or any of the Mortgage Loans and to perform its duties under this Agreement and other Transaction Documents to which it is a party.

(b) Any Person into which the Depositor, the Company or the Master Servicer may be merged or consolidated, or any corporation resulting from any merger or consolidation to which the Depositor, the Company or the Master Servicer shall be a party, or any Person succeeding to the business of the Depositor, the Company or the Master Servicer, shall be the successor of the Depositor, the Company or the Master Servicer hereunder, without the execution or filing of any paper or further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.03 Indemnification of the Trustee, the Master Servicer and the Securities Administrator.

(a) The Master Servicer agrees to indemnify the Indemnified Persons for, and to hold them harmless against, any loss, liability or expense (including reasonable legal fees and disbursements of counsel) incurred on their part that may be sustained in connection with, arising out of, or relating to, any claim or legal action (including any pending or threatened claim or legal action) relating to this Agreement, including the powers of attorney delivered pursuant to Sections 4.01 and 4.05 hereof, the Assignment Agreements, the Custodial Agreement or the Certificates (i) related to the Master Servicer's failure to perform its duties in compliance with this Agreement (except as any such loss, liability or expense shall be otherwise reimbursable pursuant to this Agreement) or (ii) incurred by reason of the Master Servicer's willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder, provided, in each case, that with respect to any such claim or legal action (or pending or threatened claim or legal action), the Trustee shall have given the Master Servicer and the Seller written notice thereof promptly after the Trustee shall have with respect to such claim or legal action knowledge thereof; provided, however that the failure to give such notice shall not relieve the Master Servicer of its indemnification obligations hereunder. This indemnity shall survive the resignation or removal

of the Trustee, Master Servicer or the Securities Administrator and the termination of this Agreement.

(b) The Company agrees to indemnify the Indemnified Persons and to hold them harmless from and against any and all claims, losses, damages, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees and expenses that the Indemnified Persons may sustain in any way related to the failure of the Company to perform in any way its duties and service the EMC Mortgage Loans in strict compliance with the terms of this Agreement and for breach of any representation or warranty of the Company contained herein. The Company shall immediately notify the Master Servicer and the Trustee if a claim is made by a third party with respect to this Agreement or the EMC Mortgage Loans, assume (with the consent of the Master Servicer and the Trustee and with counsel reasonably satisfactory to the Master Servicer and the Trustee) 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 it or any Indemnified Person in respect of such claim but failure to so notify the Company shall not limit its obligations hereunder. The Company agrees that it will not enter into any settlement of any such claim without the consent of the Indemnified Persons unless such settlement includes an unconditional release of such Indemnified Persons from all liability that is the subject matter of such claim. The provisions of this Section 8.03(b) shall survive termination of this Agreement.

(c) The Seller will indemnify any Indemnified Person for any loss, liability or expense of any Indemnified Person not otherwise paid or covered pursuant to Subsections (a) or (b) above.

Section 8.04 Limitations on Liability of the Depositor, the Company, the Master Servicer and Others. Subject to the obligation of the Seller, the Company and the Master Servicer to indemnify the Indemnified Persons pursuant to Section 8.03:

(a) Neither the Depositor, the Company, the Master Servicer nor any of the directors, officers, employees or agents of the Depositor, the Company and the Master Servicer shall be under any liability to the Indemnified Persons, the Trust Fund or the Certificateholders for taking any action or for refraining from taking any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Depositor, the Company, the Master Servicer or any such Person against any breach of warranties or representations made herein or any liability which would otherwise be imposed by reason of such Person's willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder.

(b) The Depositor, the Company, the Master Servicer and any director, officer, employee or agent of the Depositor, the Company and the Master Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising hereunder.

(c) The Depositor, the Company, the Master Servicer, the Securities Administrator, the Trustee, the Custodian and any director, officer, employee or agent of the Depositor, the Company, the Master Servicer, the Securities Administrator, the Trustee or the Custodian and the Class A-5 Insurer shall be indemnified by the Trust and held harmless thereby against any loss,

liability or expense (including reasonable legal fees and disbursements of counsel) incurred on their part that may be sustained in connection with, arising out of, or related to, any claim or legal action (including any pending or threatened claim or legal action) relating to this Agreement, the Assignment Agreements, the Custodial Agreement, the Certificates or the Servicing Agreements (except with respect to the Master Servicer only, to the extent that the Master Servicer is indemnified by the Company under this Agreement or by the related Servicer under the related Servicing Agreement), other than (i) any such loss, liability or expense related to the Company's or the Master Servicer's failure to perform its respective duties in compliance with this Agreement (except as any such loss, liability or expense shall be otherwise reimbursable pursuant to this Agreement), or to the Custodian's failure to perform its duties under the Custodial Agreement, or (ii) any such loss, liability or expense incurred by reason of the Company's, the Master Servicer's or the Custodian's willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or under the Custodial Agreement, as applicable, or by reason of reckless disregard of obligations and duties hereunder or under the Custodial Agreement, as applicable.

(d) Neither the Depositor, the Company nor the Master Servicer shall be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its duties under this Agreement and that in its opinion may involve it in any expense or liability; provided, however, the Master Servicer may in its discretion, with the consent of the Trustee (which consent shall not be unreasonably withheld), undertake any such action which it may deem necessary or desirable with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Certificateholders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities of the Trust Fund, and the Master Servicer shall be entitled to be reimbursed therefor out of the Master Servicer Collection Account as provided by Section 5.05. Nothing in this Subsection 8.04(d) shall affect the Master Servicer's obligation to supervise, or to take such actions as are necessary to ensure, the servicing and administration of the Mortgage Loans pursuant to Subsection 4.01(a).

(e) In taking or recommending any course of action pursuant to this Agreement, unless specifically required to do so pursuant to this Agreement, the Master Servicer shall not be required to investigate or make recommendations concerning potential liabilities which the Trust might incur as a result of such course of action by reason of the condition of the Mortgaged Properties but shall give notice to the Trustee if it has notice of such potential liabilities.

(f) The Master Servicer shall not be liable for any acts or omissions of the Company or the Servicers, except as otherwise expressly provided herein.

Section 8.05 Master Servicer and Company Not to Resign. (a) Except as provided in Section 8.07, the Master Servicer shall not resign from the obligations and duties hereby imposed on it except (i) with the prior written consent of the Trustee and the Class A-5 Insurer (which consent shall not be unreasonably withheld) or (ii) upon a determination that any such duties hereunder are no longer permissible under applicable law and such impermissibility cannot be cured. Any such determination permitting the resignation of the Master Servicer shall be evidenced by an Opinion of Counsel to such effect, addressed to and delivered to, the Trustee and the Class A-5 Insurer. No such resignation by the Master Servicer shall become effective until EMC or the Trustee or a successor to the Master Servicer reasonably satisfactory to the Trustee

and the Class A-5 Insurer shall have assumed the responsibilities and obligations of the Master Servicer in accordance with Section 9.02 hereof. The Trustee shall notify the Rating Agencies and the Class A-5 Insurer of the resignation of the Master Servicer.

(b) The Company shall not resign from the obligations and duties hereby imposed on it except (i) upon the assignment of its servicing duties with respect to all or a portion of the EMC Mortgage Loans to an institution that is a Fannie Mae and Freddie Mac approved seller/servicer in good standing that has a net worth of not less than \$10,000,000 and with the prior written consent of the Master Servicer (which consent shall not be unreasonably withheld) or (ii) upon the determination that its duties hereunder are no longer permissible under applicable law and such incapacity cannot be cured by the Company. Any determination permitting the resignation of the Company shall be evidenced by an Opinion of Counsel to such effect addressed to and delivered, to the Master Servicer, the Class A-5 Insurer and the Trustee which Opinion of Counsel shall be in form and substance acceptable to the Master Servicer, the Class A-5 Insurer and the Trustee. No appointment of a successor to the Company shall be effective hereunder unless (a) the Rating Agencies have confirmed in writing that such appointment will not result in a downgrade, qualification or withdrawal of the then current ratings assigned to the Certificates without regard to the Class A-5 Policy, (b) such successor shall have represented that it meets the eligibility criteria set forth in clause (i) above and (c) such successor has agreed to assume the obligations of the Company hereunder to the extent of the EMC Mortgage Loans to be serviced by such successor. The Company shall provide a copy of the written confirmation of the Rating Agencies and the agreement executed by such successor to the Master Servicer and the Trustee. No such resignation shall become effective until a Qualified Successor or the Master Servicer shall have assumed the Company's responsibilities and obligations hereunder. The Company shall notify the Master Servicer, the Trustee, the Class A-5 Insurer and the Rating Agencies of the resignation of the Company or the assignment of all or a portion of its servicing duties hereunder in accordance with this Section 8.05.

Section 8.06 Successor Master Servicer. In connection with the appointment of any successor Master Servicer or the assumption of the duties of the Master Servicer, EMC or the Trustee may make such arrangements for the compensation of such successor master servicer out of payments on the Mortgage Loans as EMC or the Trustee and such successor master servicer shall agree. If the successor master servicer does not agree that such market value is a fair price, such successor master servicer shall obtain two quotations of market value from third parties actively engaged in the servicing of single-family mortgage loans. In no event shall the compensation of any successor master servicer exceed that permitted the Master Servicer without the consent of all of the Certificateholders.

Section 8.07 Sale and Assignment of Master Servicing. The Master Servicer may sell and assign its rights and delegate its duties and obligations in its entirety as Master Servicer under this Agreement and EMC may terminate the Master Servicer without cause and select a new Master Servicer; provided, however, that: (i) the purchaser or transferee accepting such assignment and delegation (a) shall be a Person which (or an Affiliate thereof the primary business of which is the servicing of conventional residential mortgage loans) shall be qualified to service mortgage loans for Fannie Mae or Freddie Mac; (b) shall have a net worth of not less than \$10,000,000 (unless otherwise approved by each Rating Agency pursuant to clause (ii) below); (c) shall be reasonably satisfactory to the Trustee and the Class A-5 Insurer (as evidenced in a writing signed by the Trustee and the Class A-5 Insurer); and (d) shall execute and deliver to the Trustee

and the Class A-5 Insurer an agreement, in form and substance reasonably satisfactory to the Trustee and the Class A-5 Insurer, which contains an assumption by such Person of the due and punctual performance and observance of each covenant and condition to be performed or observed by it as master servicer under this Agreement, any custodial agreement from and after the effective date of such agreement; (ii) each Rating Agency and the Class A-5 Insurer shall be given prior written notice of the identity of the proposed successor to the Master Servicer and each Rating Agency's rating of the Certificates in effect immediately prior to such assignment, sale and delegation will not be downgraded, qualified or withdrawn as a result of such assignment, sale and delegation (determined without regard to the Class A-5 Policy), as evidenced by a letter to such effect delivered to the Master Servicer, the Trustee and the Class A-5 Insurer; (iii) the Master Servicer assigning and selling the master servicing shall deliver to the Trustee and the Class A-5 Insurer an Officer's Certificate and an Opinion of Counsel addressed to the Trustee and the Class A-5 Insurer, each stating that all conditions precedent to such action under this Agreement have been completed and such action is permitted by and complies with the terms of this Agreement; and (iv) in the event the Master Servicer is terminated without cause by EMC, EMC shall pay, from its own funds and without any right of reimbursement, the terminated Master Servicer a termination fee equal to 0.25% of the aggregate Stated Principal Balance of the Mortgage Loans at the time the master servicing of the Mortgage Loans is transferred to the successor Master Servicer. No such assignment or delegation shall affect any liability of the Master Servicer arising prior to the effective date thereof.

ARTICLE IX

DEFAULT; TERMINATION OF MASTER SERVICER; TERMINATION OF COMPANY

Section 9.01 Events of Default.

“Event of Default,” wherever used herein, means any one of the following events:

(i) any failure by the Master Servicer to remit to the Securities Administrator any amounts received or collected by the Master Servicer in respect of the Mortgage Loans and required to be remitted by it hereunder or any Advance required to be made by it pursuant to this Agreement, which failure shall continue unremedied for one Business Day after the date on which written notice of such failure shall have been given to the Master Servicer by the Trustee or the Depositor, or to the Trustee and the Master Servicer by the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates; or

(ii) any failure by the Master Servicer to observe or perform in any material respect any other of the covenants or agreements on the part of the Master Servicer contained in this Agreement or any breach of a representation or warranty by the Master Servicer, which failure or breach shall continue unremedied for a period of 60 days after the date on which written notice of such failure shall have been given to Master Servicer by the Trustee or the Depositor, or to the Trustee and the Master Servicer by the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 consecutive days; or

(iv) the Master Servicer shall consent to the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Master Servicer or all or substantially all of the property of the Master Servicer; or

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

(vi) the Master Servicer assigns or delegates its duties or rights under this Agreement in contravention of the provisions permitting such assignment or delegation under Sections 8.05 or 8.07; or

(vii) The Master Servicer fails to deposit, or cause to be deposited, in the Distribution Account any Advance required to be made by the Master Servicer (other than a Nonrecoverable Advance) by 5:00 p.m. New York City time on the Distribution Account Deposit Date.

If an Event of Default shall occur, then, and in each and every such case, so long as such Event of Default shall not have been remedied, the Trustee may, and at the direction of the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates, the Trustee shall, by notice in writing to the Master Servicer, with a copy to the Rating Agencies and the Class A-5 Insurer, and with the consent of the Company, may terminate all of the rights and obligations (but not the liabilities) of the Master Servicer (and the Securities Administrator if the Master Servicer and the Securities Administrator are the same entity) under this Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its rights as a Certificateholder hereunder. On or after the receipt by the Master Servicer of such written notice, all authority and power of the Master Servicer (and, if applicable, the Securities Administrator) hereunder, whether with respect to the Mortgage Loans or otherwise, shall pass to and be vested in the Trustee, or any successor appointed pursuant to Section 9.02 (a "Successor Master Servicer" and, if applicable, "Successor Securities Administrator"). Such Successor Master Servicer shall thereupon if such Successor Master Servicer is a successor to the Master Servicer, make any Advance required by Article VI, subject, in the case of the Trustee, to Section 9.02. The Trustee is hereby authorized and empowered to execute and deliver, on behalf of the terminated Master Servicer and, if applicable, the terminated Securities Administrator, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement or assignment of any Mortgage Loans and related documents, or otherwise. Unless expressly provided in such written notice, no such termination shall affect any obligation of the Master Servicer to pay amounts owed pursuant to Article VIII or Article X. The Master Servicer and, if applicable, the Securities Administrator agrees to cooperate with the Trustee in effecting the termination of the Master Servicer's and, if applicable, the Securities Administrator's responsibilities and rights hereunder, including, without limitation, the transfer to the applicable Successor Master Servicer of all cash amounts which shall at the time be credited to the Master Servicer Collection Account maintained pursuant to Section 5.06, or thereafter be received with respect to the applicable Mortgage Loans. The Trustee shall promptly notify the Rating Agencies and the Class A-5 Insurer of the occurrence of an Event of Default known to the Trustee.

Notwithstanding any termination of the activities of the Master Servicer hereunder, the Master Servicer shall be entitled to receive, out of any late collection of a Scheduled Payment on a Mortgage Loan that was due prior to the notice terminating the Master Servicer's rights and obligations as Master Servicer hereunder and received after such notice, that portion thereof to which the Master Servicer would have been entitled pursuant to Sections 5.05 and to receive any other amounts payable to the Master Servicer hereunder the entitlement to which arose prior to the termination of its activities hereunder.

Notwithstanding the foregoing, if an Event of Default described in clause (vii) of this Section 9.01 shall occur, the Securities Administrator shall, by notice in writing to the Master Servicer and the Trustee, with a copy to the Certificate Insurers, which may be delivered by telecopy, notify such parties of such Event of Default, and the Trustee shall immediately

terminate all of the rights and obligations of the Master Servicer thereafter arising under this Agreement, but without prejudice to any rights it may have as a Certificateholder or to reimbursement of Advances and other advances of its own funds, and the Trustee shall act as provided in Section 9.02 to carry out the duties of the Master Servicer, including the obligation to make any Advance the nonpayment of which was an Event of Default described in clause (vii) of this Section 9.01. Any such action taken by the Trustee must be prior to the distribution on the relevant Distribution Date.

Section 9.02 Trustee to Act; Appointment of Successor.

On and after the time the Master Servicer receives a notice of termination pursuant to Section 9.01 hereof the Trustee shall automatically become the successor to the Master Servicer with respect to the transactions set forth or provided for herein and after a transition period (not to exceed 90 days), shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Master Servicer by the terms and provisions hereof; provided, however, that the Company shall have the right to either (a) immediately assume the duties of the Master Servicer or (b) select a successor Master Servicer; provided, further, however that, pursuant to Article VI hereof, the Trustee in its capacity as successor Master Servicer shall be responsible for making any Advances required to be made by the Master Servicer immediately upon the termination of the Master Servicer and any such Advance shall be made on the Distribution Date on which such Advance was required to be made by the predecessor Master Servicer. Effective on the date of such notice of termination, as compensation therefor, the Trustee shall be entitled to all compensation, reimbursement of expenses and indemnifications that the Master Servicer would have been entitled to if it had continued to act hereunder, provided, however, that the Trustee shall not be (i) liable for any acts or omissions of the Master Servicer, (ii) obligated to make Advances if it is prohibited from doing so under applicable law, (iii) responsible for expenses of the Master Servicer pursuant to Section 2.03 or (iv) obligated to deposit losses on any Permitted Investment directed by the Master Servicer. Notwithstanding the foregoing, the Trustee may, if it shall be unwilling to so act, or shall, if it is prohibited by applicable law from making Advances pursuant to Article VI or if it is otherwise unable to so act, appoint, or petition a court of competent jurisdiction to appoint, any established mortgage loan servicing institution the appointment of which does not adversely affect the then current rating of the Certificates by each Rating Agency (determined without regard to the Class A-5 Policy) as the successor to the Master Servicer hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Master Servicer hereunder. Any Successor Master Servicer shall (i) be an institution that is a Fannie Mae and Freddie Mac approved seller/servicer in good standing, that has a net worth of at least \$15,000,000, (ii) be acceptable to the Class A-5 Insurer (which consent shall not be unreasonably withheld) and (iii) be willing to act as successor servicer of any Mortgage Loans under this Agreement or the related Servicing Agreement with respect to which the Company or the original Servicer has been terminated as servicer, and shall have executed and delivered to the Depositor, the Trustee and the Class A-5 Insurer an agreement accepting such delegation and assignment, that contains an assumption by such Person of the rights, powers, duties, responsibilities, obligations and liabilities of the Master Servicer (other than any liabilities of the Master Servicer hereof incurred prior to termination of the Master Servicer under Section 9.01 or as otherwise set forth herein), with like effect as if originally named as a party to this Agreement, provided that each Rating Agency shall have acknowledged in writing that its rating of the Certificates in effect immediately prior to such assignment and delegation

(determined without regard to the Class A-5 Policy) will not be qualified or reduced as a result of such assignment and delegation. If the Trustee assumes the duties and responsibilities of the Master Servicer in accordance with this Section 9.02, the Trustee shall not resign as Master Servicer until a Successor Master Servicer has been appointed and has accepted such appointment. Pending appointment of a successor to the Master Servicer hereunder, the Trustee, unless the Trustee is prohibited by law from so acting, shall, subject to Section 4.04 hereof, act in such capacity as hereinabove provided. In connection with such appointment and assumption, the Trustee may make such arrangements for the compensation of such successor out of payments on Mortgage Loans or otherwise as it and such successor shall agree; provided that no such compensation unless agreed to by the Certificateholders shall be in excess of that permitted the Master Servicer hereunder. The Trustee and such successor shall take such action, consistent with this Agreement, as shall be necessary to effectuate any such succession. Neither the Trustee nor any other Successor Master Servicer shall be deemed to be in default hereunder by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof or any failure to perform, or any delay in performing, any duties or responsibilities hereunder, in either case caused by the failure of the Master Servicer and the Securities Administrator to deliver or provide, or any delay in delivering or providing, any cash, information, documents or records to it.

The costs and expenses of the Trustee in connection with the termination of the Master Servicer, appointment of a Successor Master Servicer and, if applicable, any transfer of servicing, including, without limitation, all costs and expenses associated with the complete transfer of all servicing data and the completion, correction or manipulation of such servicing data as may be required by the Trustee to correct any errors or insufficiencies in the servicing data or otherwise to enable the Trustee or the Successor Master Servicer to service the related Mortgage Loans properly and effectively, to the extent not paid by the terminated Master Servicer, shall be payable to the Trustee pursuant to Section 10.05. Any successor to the Master Servicer as successor servicer under any Subservicing Agreement shall give notice to the applicable Mortgagors of such change of servicer and shall, during the term of its service as successor servicer maintain in force the policy or policies that the Master Servicer is required to maintain pursuant to Section 4.04.

Section 9.03 Notification to Certificateholders and the Class A-5 Insurer.

(a) Upon any termination of or appointment of a successor to the Master Servicer, the Trustee shall give prompt written notice thereof to Certificateholders, the Class A-5 Insurer and to each Rating Agency.

(b) Within 60 days after the occurrence of any Event of Default, the Trustee shall transmit by mail to all Certificateholders and the Class A-5 Insurer notice of each such Event of Default hereunder actually known to a Responsible Officer of the Trustee, unless such Event of Default shall have been cured or waived.

Section 9.04 Waiver of Defaults.

The Trustee shall transmit by mail to all Certificateholders and the Class A-5 Insurer, within 60 days after the occurrence of any Event of Default actually known to a Responsible Officer of the Trustee, unless such Event of Default shall have been cured, notice of each such

Event of Default hereunder known to the Trustee. The Class A-5 Insurer and Holders of Certificates evidencing not less than 51% of the Voting Rights (with the consent of the Class A-5 Insurer, which consent shall not be unreasonably withheld) may, on behalf of all Certificateholders, waive any default by the Master Servicer in the performance of its obligations hereunder and the consequences thereof, except a default in the making of or the causing to be made of any required distribution on the Certificates. Upon any such waiver of a past default, such default shall be deemed to cease to exist, and any Event of Default arising therefrom shall be deemed to have been timely remedied for every purpose of this 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. The Trustee shall give notice of any such waiver to the Rating Agencies and the Class A-5 Insurer.

Section 9.05 Company Default.

In case one or more of the following events of default by the Company (each, a "Company Default") shall occur and be continuing, that is to say:

(i) any failure by the Company to remit to the Master Servicer any payment including any Advance required to be made under the terms of this Agreement on any Remittance Date; or

(ii) failure on the part of the Company duly to observe or perform in any material respect any other of the covenants or agreements (other than Sections 3.13 or 3.14) on the part of the Company set forth in this Agreement, the breach of which has a material adverse effect and which continue unremedied for a period of sixty days (except that such number of days shall be fifteen in the case of a failure to pay any premium for any insurance policy required to be maintained under this Agreement and such failure shall be deemed to have a material adverse effect) after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Company by the Master Servicer; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Company and such decree or order shall have remained in force undischarged or unstayed for a period of sixty days; or

(iv) the Company shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to the Company or of or relating to all or substantially all of its property; or

(v) the Company 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 or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations; or

(vi) the Company attempts to assign its right to servicing compensation hereunder or the Company attempts to sell or otherwise dispose of all or substantially all of its property or assets or to assign this Agreement or the servicing responsibilities hereunder or to delegate its duties hereunder or any portion thereof except as otherwise permitted herein; or

(vii) the Company ceases to be qualified to transact business in any jurisdiction where it is currently so qualified, but only to the extent such non-qualification materially and adversely affects the Company's ability to perform its obligations hereunder;

(viii) failure by the Company to duly perform, within the required time period, its obligations under Section 3.13 or Section 3.14 which failure continues unremedied for a period of fifteen (15) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Company by the Master Servicer.

then, and in each and every such case, so long as a Company Default shall not have been remedied, the Master Servicer or the Class A-5 Insurer, by notice in writing to the Company may, in addition to whatever rights the Master Servicer and the Trustee on behalf of the Certificateholders and the Class A-5 Insurer may have under Section 8.03 and at law or equity to damages, including injunctive relief and specific performance, terminate all the rights and obligations of the Company under this Agreement and in and to the EMC Mortgage Loans and the proceeds thereof without compensating the Company for the same. On or after the receipt by the Company of such written notice, all authority and power of Company under this Agreement, whether with respect to the EMC Mortgage Loans or otherwise, shall pass to and be vested in the Master Servicer. Upon written request from the Master Servicer or the Class A-5 Insurer, the Company shall prepare, execute and deliver, any and all documents and other instruments, place in the Master Servicer's possession all Mortgage Files relating to the EMC Mortgage Loans, and do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement or assignment of the EMC Mortgage Loans and related documents, or otherwise, at the Company's sole expense. The Company agrees to cooperate with the Master Servicer and the Class A-5 Insurer in effecting the termination of the Company'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 Company to its Protected Account or Escrow Account or thereafter received with respect to the EMC Mortgage Loans or any related REO Property.

Section 9.06 Waiver of Company Defaults.

The Master Servicer, with the consent of the Trustee and the Class A-5 Insurer, may waive only by written notice any default by the Company in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Company Default arising therefrom shall be deemed to have been remedied for every purpose of this 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 in writing.

ARTICLE X

CONCERNING THE TRUSTEE AND THE SECURITIES ADMINISTRATOR

Section 10.01 Duties of Trustee and Securities Administrator.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, and the Securities Administrator each undertake to perform such duties and only such duties as are specifically set forth in this Agreement as duties of the Trustee and the Securities Administrator, respectively. If an Event of Default has occurred and has not been cured or waived, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and the same degree of care and skill in their exercise, as a prudent person would exercise under the circumstances in the conduct of such Person's own affairs.

(b) Upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments which are specifically required to be furnished to the Trustee or the Securities Administrator pursuant to any provision of this Agreement, the Trustee or the Securities Administrator, respectively, shall examine them to determine whether they are, on their face, in the form required by this Agreement; provided, however, that neither the Trustee nor the Securities Administrator shall be responsible for the accuracy or content of any resolution, certificate, statement, opinion, report, document, order or other instrument furnished by the Master Servicer; provided, further, that neither the Trustee nor the Securities Administrator shall be responsible for the accuracy or verification of any calculation provided to it pursuant to this Agreement.

(c) On each Distribution Date, the Securities Administrator shall make monthly distributions and the final distribution to the Certificateholders from funds in the Distribution Account as provided in Sections 6.04 and 11.01 herein based solely on the applicable Remittance Report.

No provision of this Agreement shall be construed to relieve the Trustee or the Securities Administrator from liability for its own negligent action, its own negligent failure to act or its own willful misconduct; provided, however, that:

(i) Prior to the occurrence of an Event of Default, and after the curing or waiver of all such Events of Default which may have occurred with respect to the Trustee and at all times with respect to the Securities Administrator, the duties and obligations of the Trustee and the Securities Administrator shall be determined solely by the express provisions of this Agreement, neither the Trustee nor the Securities Administrator shall be liable except for the performance of their respective duties and obligations as are specifically set forth in this Agreement, no implied covenants or obligations shall be read into this Agreement against the Trustee or the Securities Administrator and, in the absence of bad faith on the part of the Trustee or the Securities Administrator, respectively, the Trustee or the Securities Administrator, respectively, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed

therein, upon any certificates or opinions furnished to the Trustee or the Securities Administrator, respectively, and conforming to the requirements of this Agreement;

(ii) Neither the Trustee nor the Securities Administrator shall be liable in its individual capacity for an error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee or an officer or officers of the Securities Administrator, respectively, unless it shall be proved that the Trustee or the Securities Administrator, respectively, was negligent in ascertaining the pertinent facts;

(iii) Neither the Trustee nor the Securities Administrator shall be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the directions of the Holders of Certificates evidencing not less than 25% of the aggregate Voting Rights of the Certificates, if such action or non-action relates to the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Securities Administrator, respectively, or exercising any trust or other power conferred upon the Trustee or the Securities Administrator, respectively, under this Agreement;

(iv) The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default or Event of Default unless a Responsible Officer of the Trustee shall have actual knowledge thereof. In the absence of such notice, the Trustee may conclusively assume there is no such default or Event of Default;

(v) The Trustee shall not in any way be liable by reason of any insufficiency in any Account held by or in the name of Trustee unless it is determined by a court of competent jurisdiction in a non-appealable judgment that the Trustee's gross negligence or willful misconduct was the primary cause of such insufficiency (except to the extent that the Trustee is obligor and has defaulted thereon);

(vi) Anything in this Agreement to the contrary notwithstanding, in no event shall the Trustee or the Securities Administrator be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee or the Securities Administrator, respectively, has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(vii) None of the Securities Administrator, the Master Servicer, the Seller, the Depositor or the Trustee shall be responsible for the acts or omissions of the other, it being understood that this Agreement shall not be construed to render them partners, joint venturers or agents of one another.

Neither the Trustee nor the Securities Administrator shall be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement shall in any event require the Trustee or the Securities Administrator to perform, or be responsible for the manner of performance of, any of the obligations of the Master Servicer or the Company hereunder or any Servicer under the related Servicing Agreement.

(d) All funds received by the Securities Administrator and required to be deposited in the Distribution Account pursuant to this Agreement will be promptly so deposited by the Securities Administrator.

Section 10.02 Certain Matters Affecting the Trustee and the Securities Administrator.

(a) Except as otherwise provided in Section 10.01:

(i) The Trustee and the Securities Administrator may rely and shall be protected in acting or refraining from acting in reliance on any resolution or certificate of the Seller, the Company, the Master Servicer or the related Servicer, any certificates of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) The Trustee and the Securities Administrator may consult with counsel and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection with respect to any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(iii) Neither the Trustee nor the Securities Administrator shall be under any obligation to exercise any of the trusts or powers vested in it by this Agreement, other than its obligation to give notices pursuant to this Agreement, or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Certificateholders pursuant to the provisions of this Agreement, unless such Certificateholders shall have offered to the Trustee or the Securities Administrator, as applicable, reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby. Nothing contained herein shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default of which a Responsible Officer of the Trustee has actual knowledge (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise, as a prudent person would exercise under the circumstances in the conduct of his own affairs;

(iv) Prior to the occurrence of an Event of Default hereunder and after the curing or waiver of all Events of Default which may have occurred with respect to the Trustee and at all times with respect to the Securities Administrator, neither the Trustee nor the Securities Administrator shall be liable in its individual capacity for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(v) Neither the Trustee nor the Securities Administrator shall be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by Holders of Certificates evidencing not less than 25% of the aggregate Voting Rights of the Certificates and provided that the payment within a reasonable time to the Trustee or the Securities Administrator, as applicable, of the costs, expenses or liabilities likely to be incurred by it

in the making of such investigation is, in the opinion of the Trustee or the Securities Administrator, as applicable, reasonably assured to the Trustee or the Securities Administrator, as applicable, by the security afforded to it by the terms of this Agreement. The Trustee or the Securities Administrator may require reasonable indemnity against such expense or liability as a condition to taking any such action. The reasonable expense of every such examination shall be paid by the Certificateholders requesting the investigation;

(vi) The Trustee and the Securities Administrator may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through Affiliates, agents or attorneys; provided, however, that the Trustee may not appoint any paying agent other than the Securities Administrator to perform any paying agent functions under this Agreement without the express written consent of the Master Servicer and the Class A-5 Insurer, which consent will not be unreasonably withheld. Neither the Trustee nor the Securities Administrator shall be liable or responsible for the misconduct or negligence of any of the Trustee's or the Securities Administrator's agents or attorneys or paying agent appointed hereunder by the Trustee or the Securities Administrator with due care and, when required, with the consent of the Master Servicer;

(vii) Should the Trustee or the Securities Administrator deem the nature of any action required on its part to be unclear, the Trustee or the Securities Administrator, respectively, may require prior to such action that it be provided by the Depositor with reasonable further instructions; the right of the Trustee or the Securities Administrator to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and neither the Trustee nor the Securities Administrator shall be accountable for other than its negligence or willful misconduct in the performance of any such act;

(viii) Neither the Trustee nor the Securities Administrator shall be required to give any bond or surety with respect to the execution of the trust created hereby or the powers granted hereunder, except as provided in Subsection 10.07; and

(ix) Neither the Trustee nor the Securities Administrator shall have any duty to conduct any affirmative investigation as to the occurrence of any condition requiring the repurchase of any Mortgage Loan by any Person pursuant to this Agreement, or the eligibility of any Mortgage Loan for purposes of this Agreement.

(b) The Trustee is hereby directed by the Depositor to execute and deliver the Class A-5 Insurance Agreement and the Yield Maintenance Agreement. Amounts payable by the Trust on the Closing Date pursuant to the Yield Maintenance Agreement shall be paid by the Depositor or its designee. The Trustee in its individual capacity shall have no responsibility for any of the undertakings, agreements or representations with respect to the Yield Maintenance Agreement, including, without limitation, for making any payments thereunder.

Section 10.03 Trustee and Securities Administrator Not Liable for Certificates or Mortgage Loans.

The recitals contained herein and in the Certificates (other than the signature and countersignature of the Trustee on the Certificates) shall be taken as the statements of the

Depositor, and neither the Trustee nor the Securities Administrator shall have any responsibility for their correctness. Neither the Trustee nor the Securities Administrator makes any representation as to the validity or sufficiency of the Certificates (other than the signature and countersignature of the Trustee on the Certificates) or of any Mortgage Loan except as expressly provided in Sections 2.02 and 2.06 hereof; provided, however, that the foregoing shall not relieve the Trustee, or the Custodian on its behalf, of the obligation to review the Mortgage Files pursuant to Section 2.02 of this Agreement. The Trustee's signature and countersignature (or countersignature of its agent) on the Certificates shall be solely in its capacity as Trustee and shall not constitute the Certificates an obligation of the Trustee in any other capacity. Neither the Trustee or the Securities Administrator shall be accountable for the use or application by the Depositor of any of the Certificates or of the proceeds of such Certificates, or for the use or application of any funds paid to the Depositor with respect to the Mortgage Loans. Subject to Section 2.06, neither the Trustee nor the Securities Administrator shall be responsible for the legality or validity of this Agreement or any document or instrument relating to this Agreement, the validity of the execution of this Agreement or of any supplement hereto or instrument of further assurance, or the validity, priority, perfection or sufficiency of the security for the Certificates issued hereunder or intended to be issued hereunder. Neither the Trustee nor the Securities Administrator shall at any time have any responsibility or liability for or with respect to the legality, validity and enforceability of any Mortgage or any Mortgage Loan, or the perfection and priority of any Mortgage or the maintenance of any such perfection and priority, or for or with respect to the sufficiency of the Trust Fund or its ability to generate the payments to be distributed to Certificateholders, under this Agreement. Neither the Trustee nor the Securities Administrator shall have any responsibility for filing any financing or continuation statement in any public office at any time or to otherwise perfect or maintain the perfection of any security interest or lien granted to it hereunder or to record this Agreement.

Section 10.04 Trustee and Securities Administrator May Own Certificates.

Each of the Trustee and the Securities Administrator in its individual capacity or in any capacity other than as Trustee or Securities Administrator hereunder may become the owner or pledgee of any Certificates with the same rights it would have if it were not the Trustee or the Securities Administrator, as applicable, and may otherwise deal with the parties hereto.

Section 10.05 Trustee's and Securities Administrator's Fees and Expenses.

The fees and expenses of the Trustee and the Securities Administrator shall be paid in accordance with a side letter agreement with the Master Servicer and at the expense of the Master Servicer. In addition, the Trustee and the Securities Administrator will be entitled to recover from the Master Servicer Collection Account pursuant to Section 5.07 all reasonable out-of-pocket expenses, disbursements and advances and the expenses of the Trustee and the Securities Administrator, respectively, in connection with any Event of Default, any breach of this Agreement or any claim or legal action (including any pending or threatened claim or legal action) incurred or made by the Trustee or the Securities Administrator, respectively, in the administration of the trusts hereunder (including the reasonable compensation, expenses and disbursements of its counsel) except any such expense, disbursement or advance as may arise from its negligence or intentional misconduct or which is the responsibility of the Certificateholders or the Trust Fund hereunder. If funds in the Master Servicer Collection Account are insufficient therefor, the Trustee and the Securities Administrator shall recover such

expenses, disbursements or advances from the Depositor and the Depositor hereby agrees to pay such expenses, disbursements or advances upon demand. Such compensation and reimbursement obligation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

Section 10.06 Eligibility Requirements for Trustee and Securities Administrator.

The Trustee and any successor Trustee and the Securities Administrator and any successor Securities Administrator shall during the entire duration of this Agreement be a state bank or trust company or a national banking association organized and doing business under the laws of a state or the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus and undivided profits of at least \$40,000,000 or, in the case of a successor Trustee, \$50,000,000, subject to supervision or examination by federal or state authority and, in the case of the Trustee, rated "BBB" or higher by Fitch, Inc. Ratings with respect to their long-term rating and rated "BBB" or higher by Standard & Poor's and "Baa2" or higher by Moody's with respect to any outstanding long-term unsecured unsubordinated debt, and, in the case of a successor Trustee or successor Securities Administrator other than pursuant to Section 10.10, rated in one of the two highest long-term debt categories of, or otherwise acceptable to, each of the Rating Agencies and the Class A-5 Insurer (which consent shall not be unreasonably withheld). The Trustee shall not be an Affiliate of the Master Servicer. If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 10.06 the combined capital and surplus of such corporation shall be deemed to be its total equity capital (combined capital and surplus) as set forth in its most recent report of condition so published. In case at any time the Trustee or the Securities Administrator, as applicable, shall cease to be eligible in accordance with the provisions of this Section 10.06, the Trustee or the Securities Administrator shall resign immediately in the manner and with the effect specified in Section 10.08.

Section 10.07 Insurance.

The Trustee and the Securities Administrator, at their own expense, shall at all times maintain and keep in full force and effect: (i) fidelity insurance, (ii) theft of documents insurance and (iii) forgery insurance (which may be collectively satisfied by a "Financial Institution Bond" and/or a "Bankers' Blanket Bond"). All such insurance shall be in amounts, with standard coverage and subject to deductibles, as are customary for insurance typically maintained by banks or their affiliates which act as custodians for investor-owned mortgage pools. A certificate of an officer of the Trustee or the Securities Administrator as to the Trustee's or the Securities Administrator's, respectively, compliance with this Section 10.07 shall be furnished to any Certificateholder and the Class A-5 Insurer upon reasonable written request.

Section 10.08 Resignation and Removal of Trustee and Securities Administrator.

The Trustee and the Securities Administrator may at any time resign (including, in the case of the Securities Administrator, in connection with the resignation or termination of the Master Servicer) and be discharged from the Trust hereby created by giving written notice thereof to the Depositor, the Seller, the Securities Administrator (or the Trustee, if the Securities Administrator resigns) and the Master Servicer, with a copy to the Rating Agencies and the Class

A-5 Insurer. Upon receiving such notice of resignation, the Depositor shall promptly appoint a successor trustee or successor securities administrator, as applicable, by written instrument, in triplicate, one copy of which instrument shall be delivered to each of the resigning trustee or securities administrator, as applicable, and the successor trustee or securities administrator, as applicable. If no successor trustee or successor securities administrator shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee or Securities Administrator may petition any court of competent jurisdiction for the appointment of a successor trustee or securities administrator.

If at any time (i) the Trustee or the Securities Administrator shall cease to be eligible in accordance with the provisions of Section 10.06 hereof and shall fail to resign after written request thereto by the Depositor, (ii) the Trustee or the Securities Administrator shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or the Securities Administrator or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or the Securities Administrator or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or (iii)(A) a tax is imposed with respect to the Trust Fund by any state in which the Trustee or the Securities Administrator or the Trust Fund is located, (B) the imposition of such tax would be avoided by the appointment of a different trustee or securities administrator and (C) the Trustee or the Securities Administrator, as applicable fails to indemnify the Trust Fund against such tax, then the Depositor or the Master Servicer may remove the Trustee or the Securities Administrator, as applicable, and appoint a successor trustee or successor securities administrator, as applicable, by written instrument, in multiple copies, a copy of which instrument shall be delivered to the Trustee, the Securities Administrator, each Master Servicer and the successor trustee or successor securities administrator, as applicable.

The Holders evidencing at least 51% of the Voting Rights of each Class of Certificates (with the prior written consent of the Class A-5 Insurer, which consent shall not be unreasonably withheld) may at any time remove the Trustee or Securities Administrator and appoint a successor trustee or securities administrator by written instrument or instruments, in multiple copies, signed by such Holders or their attorneys-in-fact duly authorized, one complete set of which instruments shall be delivered by the successor trustee or successor securities administrator to each of the Master Servicer, the Trustee or Securities Administrator so removed and the successor trustee or securities administrator so appointed. Notice of any removal of the Trustee or Securities Administrator shall be given to each Rating Agency and the Class A-5 Insurer by the Trustee or successor trustee.

Any resignation or removal of the Trustee or Securities Administrator and appointment of a successor trustee or securities administrator pursuant to any of the provisions of this Section 10.08 shall become effective upon acceptance of appointment by the successor trustee or securities administrator as provided in Section 10.09 hereof.

Section 10.09 Successor Trustee or Securities Administrator.

Any successor trustee or securities administrator appointed as provided in Section 10.08 hereof shall execute, acknowledge and deliver to the Depositor and to its predecessor trustee or predecessor securities administrator, as applicable, and the Master Servicer and the Class A-5 Insurer an instrument accepting such appointment hereunder and thereupon the resignation or

removal of the predecessor trustee or securities administrator shall become effective and such successor trustee or securities administrator, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as trustee or securities administrator herein.

No successor trustee or securities administrator shall accept appointment as provided in this Section 10.09 unless at the time of such acceptance such successor trustee or securities administrator shall be eligible under the provisions of Section 10.07 hereof and its appointment shall not adversely affect the then current rating of the Certificates (without regard to the Class A-5 Policy).

Upon acceptance of appointment by a successor trustee or securities administrator as provided in this Section 10.09, the successor trustee or securities administrator shall mail notice of the succession of such trustee or securities administrator hereunder to all Holders of Certificates and the Class A-5 Insurer. If the successor trustee or securities administrator fails to mail such notice within ten days after acceptance of appointment, the Depositor shall cause such notice to be mailed at the expense of the Trust Fund.

Section 10.10 Merger or Consolidation of Trustee or Securities Administrator.

Any corporation, state bank or national banking association into which the Trustee or the Securities Administrator may be merged or converted or with which it may be consolidated or any corporation, state bank or national banking association resulting from any merger, conversion or consolidation to which the Trustee or the Securities Administrator shall be a party, or any corporation, state bank or national banking association succeeding to substantially all of the corporate trust business of the Trustee or of the business of the Securities Administrator, shall be the successor of the Trustee or the Securities Administrator hereunder, provided that such corporation shall be eligible under the provisions of Section 10.06 hereof without the execution or filing of any paper or further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.11 Appointment of Co-Trustee or Separate Trustee.

Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Fund or property securing any Mortgage Note may at the time be located, the Master Servicer and the Trustee acting jointly shall have the power and shall execute and deliver all instruments to appoint one or more Persons approved by the Trustee to act as co-trustee or co-trustees jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Fund, and to vest in such Person or Persons, in such capacity and for the benefit of the Certificateholders and the Class A-5 Insurer, such title to the Trust Fund or any part thereof, whichever is applicable, and, subject to the other provisions of this Section 10.11, such powers, duties, obligations, rights and trusts as the Master Servicer and the Trustee may consider necessary or desirable. If the Master Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request to do so, or in the case an Event of Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor

trustee under Section 10.06 and no notice to Certificateholders of the appointment of any co-trustee or separate trustee shall be required under Section 10.09.

Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) All rights, powers, duties and obligations conferred or imposed upon the Trustee, except for the obligation of the Trustee under this Agreement to advance funds on behalf of the Master Servicer, shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (whether a Trustee hereunder or as a Successor Master Servicer hereunder), the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Fund or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) No trustee hereunder shall be held personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Agreement and the conditions of this Article X. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Master Servicer and the Depositor.

Any separate trustee or co-trustee may, at any time, constitute the Trustee its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 10.12 Tax Matters.

It is intended that the Trust Fund shall constitute, and that the affairs of the Trust Fund shall be conducted so that each REMIC formed hereunder qualifies as, a "real estate mortgage investment conduit" as defined in and in accordance with the REMIC Provisions. In furtherance

of such intention, the Securities Administrator covenants and agrees that it shall act as agent for so long as it is also Master Servicer (and the Securities Administrator is hereby appointed to act as agent) on behalf of the Trust Fund. The Trustee and/or the Securities Administrator, as agent on behalf of the Trust Fund, shall do or refrain from doing, as applicable, the following: (a) the Securities Administrator shall prepare and file, or cause to be prepared and filed, in a timely manner, U.S. Real Estate Mortgage Investment Conduit Income Tax Returns (Form 1066 or any successor form adopted by the Internal Revenue Service) and prepare and file or cause to be prepared and filed with the Internal Revenue Service and applicable state or local tax authorities income tax or information returns for each taxable year with respect to each such REMIC containing such information and at the times and in the manner as may be required by the Code or state or local tax laws, regulations, or rules, and furnish or cause to be furnished to Certificateholders the schedules, statements or information at such times and in such manner as may be required thereby; (b) the Securities Administrator shall apply for an employer identification number with the Internal Revenue Service via a Form SS-4 or other comparable method for each REMIC that is or becomes a taxable entity, and within thirty days of the Closing Date, furnish or cause to be furnished to the Internal Revenue Service, on Form 8811 or as otherwise may be required by the Code, the name, title, address, and telephone number of the person that the Holders of the Certificates may contact for tax information relating thereto, together with such additional information as may be required by such form, and update such information at the time or times in the manner required by the Code for the Trust Fund; (c) the Trustee shall make or cause to be made elections, on behalf of each REMIC formed hereunder to be treated as a REMIC on the federal tax return of such REMIC for its first taxable year (and, if necessary, under applicable state law); (d) the Securities Administrator shall prepare and forward, or cause to be prepared and forwarded, to the Certificateholders and to the Internal Revenue Service and, if necessary, state tax authorities, all information returns and reports as and when required to be provided to them in accordance with the REMIC Provisions, including without limitation, the calculation of any original issue discount using the Prepayment Assumption; (e) the Securities Administrator shall provide information necessary for the computation of tax imposed on the transfer of a Residual Certificate to a Person that is not a Permitted Transferee, or an agent (including a broker, nominee or other middleman) of a Person that is not a Permitted Transferee, or a pass-through entity in which a Person that is not a Permitted Transferee is the record holder of an interest (the reasonable cost of computing and furnishing such information may be charged to the Person liable for such tax); (f) each of the Securities Administrator and the Trustee shall, to the extent under its control, conduct the affairs of the Trust Fund at all times that any Certificates are outstanding so as to maintain the status of each REMIC formed hereunder as a REMIC under the REMIC Provisions; (g) neither the Trustee nor the Securities Administrator shall knowingly or intentionally take any action or omit to take any action that would cause the termination of the REMIC status of any REMIC formed hereunder; (h) the Trustee shall pay, from the sources specified in the penultimate paragraph of this Section 10.12, as directed by the Securities Administrator in its Remittance Report, the amount of any federal, state and local taxes, including prohibited transaction taxes as described below, imposed on any REMIC formed hereunder prior to the termination of the Trust Fund when and as the same shall be due and payable (but such obligation shall not prevent the Trustee, the Securities Administrator at the written request of the Trustee, or any other appropriate Person from contesting any such tax in appropriate proceedings and shall not prevent the Securities Administrator from withholding payment of such tax, if permitted by law, pending the outcome of such proceedings); (i) the Trustee shall sign or cause to be signed federal, state or local

income tax or information returns or any other document prepared by the Securities Administrator pursuant to this Section 10.12 requiring a signature thereon by the Trustee; (j) the Securities Administrator shall maintain records relating to each REMIC formed hereunder including but not limited to the income, expenses, assets and liabilities of each such REMIC and adjusted basis of the Trust Fund property determined at such intervals as may be required by the Code, as may be necessary to prepare the foregoing returns, schedules, statements or information; (k) the Securities Administrator shall, for federal income tax purposes, maintain books and records with respect to the REMICs on a calendar year and on an accrual basis; (l) neither the Trustee nor the Master Servicer shall enter into any arrangement not otherwise provided for in this Agreement by which the REMICs will receive a fee or other compensation for services nor permit the REMICs to receive any income from assets other than "qualified mortgages" as defined in Section 860G(a)(3) of the Code or "permitted investments" as defined in Section 860G(a)(5) of the Code; and (m) as and when necessary and appropriate, the Trustee, or at the written request of the Trustee, the Securities Administrator, shall represent the Trust Fund in any administrative or judicial proceedings relating to an examination or audit by any governmental taxing authority, request an administrative adjustment as to any taxable year of any REMIC formed hereunder, enter into settlement agreements with any governmental taxing agency, extend any statute of limitations relating to any tax item of the Trust Fund, and otherwise act on behalf of each REMIC formed hereunder in relation to any tax matter involving any such REMIC.

In order to enable each of the Trustee and the Securities Administrator to perform its duties as set forth herein, the Depositor shall provide, or cause to be provided, to the Trustee or the Securities Administrator within 10 days after the Closing Date all information or data that the Trustee or the Securities Administrator requests in writing and determines to be relevant for tax purposes to the valuations and offering prices of the Certificates, including, without limitation, the price, yield, Prepayment Assumption and projected cash flows of the Certificates and the Mortgage Loans. Thereafter, the Depositor shall provide to the Trustee or the Securities Administrator promptly upon written request therefor, any such additional information or data that the Trustee or the Securities Administrator may, from time to time, request in order to enable the Trustee or the Securities Administrator to perform its duties as set forth herein. The Depositor hereby indemnifies each of Trustee and the Securities Administrator for any losses, liabilities, damages, claims or expenses of the Trustee or the Securities Administrator arising from any errors or miscalculations of the Trustee or the Securities Administrator, as applicable, that result from any failure of the Depositor to provide, or to cause to be provided, accurate information or data to the Trustee or the Securities Administrator, as applicable, on a timely basis.

In the event that any tax is imposed on "prohibited transactions" of any of REMIC I, REMIC II or REMIC III as defined in Section 860F(a)(2) of the Code, on the "net income from foreclosure property" of the Trust Fund as defined in Section 860G(c) of the Code, on any contribution to any of REMIC I, REMIC II or REMIC III after the Startup Day pursuant to Section 860G(d) of the Code, or any other tax is imposed, including, without limitation, any federal, state or local tax or minimum tax imposed upon any of REMIC I, REMIC II or REMIC III, and is not paid as otherwise provided for herein, such tax shall be paid by (i) the Trustee or the Securities Administrator, if any such other tax arises out of or results from a breach by the Trustee or the Securities Administrator, respectively, of any of its obligations under this

Agreement, (ii) any party hereto (other than the Trustee or the Securities Administrator) to the extent any such other tax arises out of or results from a breach by such other party of any of its obligations under this Agreement or (iii) in all other cases, or in the event that any liable party hereto fails to honor its obligations under the preceding clauses (i) or (ii), any such tax will be paid first with amounts otherwise to be distributed to the Class R Certificateholders, and second with amounts otherwise to be distributed to the following other Certificates in the following order of priority: first, to the Class B-4 Certificates, second, to the Class B-3 Certificates, third, to the Class B-2 Certificates, fourth, to the Class B-1 Certificates, fifth, to the Class M-3 Certificates, sixth, to the Class M-2 Certificates, seventh, to the Class M-1 Certificates, and eighth, to the Class A Certificates, pro rata, based on the amounts to be distributed.

Notwithstanding anything to the contrary contained herein, to the extent that such tax is payable by the Holder of any Certificates, the Securities Administrator is hereby authorized to retain on any Distribution Date, from the Holders of the Class R Certificates (and, if necessary, second, from the Holders of the other Certificates in the priority specified in the preceding sentence), funds otherwise distributable to such Holders in an amount sufficient to pay such tax. The Securities Administrator shall include in its Remittance Report instructions as to distributions to such parties taking into account the priorities described in the second preceding sentence. The Securities Administrator, on written request by the Trustee, agrees to promptly notify in writing the party liable for any such tax of the amount thereof and the due date for the payment thereof.

The Trustee and the Securities Administrator each agree that, in the event it should obtain any information necessary for the other party to perform its obligations pursuant to this Section 10.12, it will promptly notify and provide such information to such other party. Notwithstanding anything in this Agreement to the contrary, the Trustee agrees that, in the event that the Trustee obtains actual knowledge that the Securities Administrator has breached any of its obligations pursuant to this Section 10.12, the Trustee shall perform such obligations on its behalf to the extent that the Trustee possesses all documents necessary to so perform and receives reasonable compensation therefor, provided, however, that the Trustee shall not be liable for any losses resulting from any such breach.

ARTICLE XI

TERMINATION

Section 11.01 Termination upon Liquidation or Repurchase of all Mortgage Loans.

Subject to Section 11.03, the obligations and responsibilities of the Depositor, the Master Servicer, the Securities Administrator, the Seller and the Trustee created hereby with respect to the Trust Fund shall terminate upon the earlier of (a) the purchase by the Majority Class C Certificateholder of all of the Mortgage Loans (and REO Properties) remaining in the Trust Fund at a price (the "Mortgage Loan Purchase Price") equal to the sum of (i) 100% of the Stated Principal Balance of each Mortgage Loan (other than in respect of REO Property), (ii) accrued interest thereon at the applicable Mortgage Rate to, but not including, the first day of the month of such purchase, (iii) the appraised value of any REO Property in the Trust Fund (up to the Stated Principal Balance of the related Mortgage Loan), such appraisal to be conducted by an appraiser mutually agreed upon by the Master Servicer and the Trustee, (iv) unreimbursed out-of-pocket costs of the Company, the Servicers or the Master Servicer, including unreimbursed servicing advances and the principal portion of any unreimbursed Advances, made on the Mortgage Loans prior to the exercise of such repurchase right, (v) any Class A-5 Reimbursement Amount due the Class A-5 Insurer and (vi) any unreimbursed costs and expenses of the Trustee and the Securities Administrator payable pursuant to Section 10.05 and (b) the later of (i) the maturity or other liquidation (or any Advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and the disposition of all REO Property and (ii) the distribution to Certificateholders and the Class A-5 Insurer of all amounts required to be distributed to them pursuant to this Agreement or the Class A-5 Insurance Agreement, as applicable. In no event shall the trusts created hereby continue beyond the earlier of (i) the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of St. James, living on the date hereof and (ii) the Latest Possible Maturity Date.

The right to repurchase all Mortgage Loans and REO Properties pursuant to clause (a) in the preceding paragraph shall be exercisable on or after the earlier of (i) the 20% Clean-Up Call Date and (ii) the Distribution Date in November 2015.

Section 11.02 Final Distribution on the Certificates.

If on any Determination Date, (i) the Master Servicer determines that there are no Outstanding Mortgage Loans and no other funds or assets in the Trust Fund other than the funds in the Master Servicer Collection Account, the Master Servicer shall direct the Securities Administrator to send a final distribution notice promptly to each Certificateholder and the Class A-5 Insurer or (ii) the Securities Administrator determines that a Class of Certificates shall be retired after a final distribution on such Class, the Securities Administrator shall notify the Certificateholders and the Class A-5 Insurer within five (5) Business Days after such Determination Date that the final distribution in retirement of such Class of Certificates is scheduled to be made on the immediately following Distribution Date. Any final distribution made pursuant to the immediately preceding sentence shall be made only upon presentation and surrender of the related Certificates at the office of the Securities Administrator specified in the final distribution notice to Certificateholders. If the Class C Certificateholder elects to terminate

the Trust Fund pursuant to Section 11.01, at least 20 days prior to the date notice is to be mailed to the Certificateholders, the Majority Class C Certificateholder shall notify the Depositor, the Class A-5 Insurer, the Securities Administrator, the Trustee of the date the Majority Class C Certificateholder intends to terminate the Trust Fund. The Master Servicer shall remit the Mortgage Loan Purchase Price to the Securities Administrator on the Business Day prior to the Distribution Date for such Optional Termination by the Majority Class C Certificateholder.

Notice of any termination of the Trust Fund, specifying the Distribution Date on which Certificateholders may surrender their Certificates for payment of the final distribution and cancellation, shall be given promptly by the Securities Administrator by letter to Certificateholders and the Class A-5 Insurer mailed not earlier than the 10th day and no later than the 15th day of the month immediately preceding the month of such final distribution. Any such notice shall specify (a) the Distribution Date upon which final distribution on the Certificates shall be made upon presentation and surrender of Certificates at the office therein designated, (b) the amount of such final distribution, (c) the location of the office or agency at which such presentation and surrender must be made and (d) that the Record Date otherwise applicable to such Distribution Date is not applicable, distributions being made only upon presentation and surrender of the Certificates at the office therein specified. The Securities Administrator will give such notice to each Rating Agency at the time such notice is given to Certificateholders.

In the event such notice is given, the Master Servicer shall cause all funds in the Master Servicer Collection Account to be remitted to the Securities Administrator for deposit in the Distribution Account on the Business Day prior to the applicable Distribution Date in an amount equal to the final distribution in respect of the Certificates and any Class A-5 Reimbursement Amounts due to the Class A-5 Insurer. Upon such final deposit with respect to the Trust Fund and the receipt by the Trustee of a Request for Release therefor, the Trustee or the Custodian shall promptly release to the Master Servicer, as applicable the Mortgage Files for the Mortgage Loans and the Trustee shall execute and deliver any documents prepared and delivered to it which are necessary to transfer any REO Property.

Upon presentation and surrender of the Certificates, the Securities Administrator shall cause to be distributed to Certificateholders of each Class and to the Class A-5 Insurer in accordance with the Remittance Report the amounts allocable to such Certificates and the Class A-5 Insurer held in the Distribution Account in the order and priority set forth in Section 6.04 hereof on the final Distribution Date and in proportion to their respective Percentage Interests.

In the event that any affected Certificateholders shall not surrender Certificates for cancellation within six months after the date specified in the above mentioned written notice, the Securities Administrator shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. If within six months after the second notice all the applicable Certificates shall not have been surrendered for cancellation, the Securities Administrator may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining Certificateholders concerning surrender of their Certificates, and the cost thereof shall be paid out of the funds and other assets that remain a part of the Trust Fund. If within one year after the second notice all Certificates shall not have been surrendered for cancellation, the Class R Certificateholders shall be entitled to all unclaimed funds and other assets of the Trust Fund that remain subject hereto.

Section 11.03 Additional Termination Requirements.

Upon exercise by the Majority Class C Certificateholder of its purchase option as provided in Section 11.01, the Trust Fund shall be terminated in accordance with the following additional requirements, unless each of the Trustee, the Class A-5 Insurer and the Securities Administrator have been supplied with an Opinion of Counsel addressed to the Trustee, the Securities Administrator and the Class A-5 Insurer, at the expense of the Majority Class C Certificateholder, to the effect that the failure of the Trust Fund to comply with the requirements of this Section 11.03 will not (i) result in the imposition of taxes on "prohibited transactions" of a REMIC, or (ii) cause a REMIC to fail to qualify as a REMIC at any time that any Certificates are outstanding:

(1) The Majority Class C Certificateholder shall establish a 90-day liquidation period and notify the Trustee and Securities Administrator thereof, and the Securities Administrator shall in turn specify the first day of such period in a statement attached to the tax return for each of REMIC I, REMIC II and REMIC III pursuant to Treasury Regulation Section 1.860F-1. The Majority Class C Certificateholder shall satisfy all the requirements of a qualified liquidation under Section 860F of the Code and any regulations thereunder, as evidenced by an Opinion of Counsel addressed to the Trustee and Securities Administrator obtained at the expense of the Majority Class C Certificateholder;

(2) During such 90-day liquidation period, and at or prior to the time of making the final payment on the Certificates, the Securities Administrator, as agent of the Trustee, shall sell all of the assets of REMIC I for cash;

(3) At the time of the making of the final payment on the Certificates, the Securities Administrator, as agent for the Trustee, shall distribute or credit, or cause to be distributed or credited, to the Holders of the Residual Certificates all cash on hand (other than cash retained to meet claims), and REMIC I shall terminate at that time;

(4) By their acceptance of the Certificates, the Holders thereof hereby authorize the adoption of a 90-day liquidation period for REMIC I, REMIC II and REMIC III, which authorization shall be binding upon all successor Certificateholders; and

(5) The Securities Administrator, as agent for each REMIC, hereby agrees to adopt and sign such a plan of complete liquidation upon the written request of the Majority Class C Certificateholder and the receipt of the Opinion of Counsel referred to in Section 11.03(a)(1), and to take such other action in connection therewith as may be reasonably requested by the Majority Class C Certificateholder.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01 Amendment.

This Agreement may be amended from time to time by parties hereto and with the consent of the Class A-5 Insurer, without the consent of any of the Certificateholders to cure any ambiguity, to correct or supplement any provisions herein (including to give effect to the expectations of investors), to change the manner in which the Master Servicer Collection Account maintained by the Master Servicer or the Protected Account maintained by the Company is maintained or to make such other provisions with respect to matters or questions arising under this Agreement as shall not be inconsistent with any other provisions herein if such action shall not, as evidenced by an Opinion of Counsel addressed to the Trustee, adversely affect in any material respect the interests of any Certificateholder; provided that any such amendment shall be deemed not to adversely affect in any material respect the interests of the Certificateholders and no such Opinion of Counsel shall be required if the Person requesting such amendment obtains a letter from each Rating Agency stating that such amendment would not result in the downgrading or withdrawal of the respective ratings then assigned to the Certificates (determined without regard to the Class A-5 Policy).

Notwithstanding the foregoing, without the consent of the Certificateholders, the parties hereto with the consent of the Class A-5 Insurer may at any time and from time to time amend this Agreement to modify, eliminate or add to any of its provisions to such extent as shall be necessary or appropriate to maintain the qualification of each of REMIC I, REMIC II and REMIC III as a REMIC under the Code or to avoid or minimize the risk of the imposition of any tax on any of REMIC I, REMIC II or REMIC III pursuant to the Code that would be a claim against any of REMIC I, REMIC II or REMIC III at any time prior to the final redemption of the Certificates, provided that the Trustee, the Securities Administrator and the Class A-5 Insurer have been provided an Opinion of Counsel addressed to the Trustee, the Securities Administrator and the Class A-5 Insurer, which opinion shall be an expense of the party requesting such opinion but in any case shall not be an expense of the Trustee, the Securities Administrator or the Trust Fund, to the effect that such action is necessary or appropriate to maintain such qualification or to avoid or minimize the risk of the imposition of such a tax.

This Agreement may also be amended from time to time by the parties hereto with the consent of the Class A-5 Insurer and the Holders of each Class of Certificates affected thereby evidencing over 50% of the Voting Rights of such Class or Classes for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Holders of Certificates; provided that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, payments required to be distributed on any Certificate without the consent of the Holder of such Certificate, (ii) cause any of REMIC I, REMIC II or REMIC III to cease to qualify as a REMIC or (iii) reduce the aforesaid percentages of Certificates of each Class the Holders of which are required to consent to any such amendment without the consent of the Holders of all Certificates of such Class then outstanding.

Notwithstanding any contrary provision of this Agreement, the Trustee shall not consent to any amendment to this Agreement unless it, the Securities Administrator and the Class A-5 Insurer shall have first received an Opinion of Counsel addressed to the Trustee and the Securities Administrator (a copy of which shall be addressed to and delivered to the Class A-5 Insurer, which opinion shall be an expense of the party requesting such amendment but in any case shall not be an expense of the Trustee or the Securities Administrator, to the effect that such amendment will not (other than an amendment pursuant to clause (ii) of, and in accordance with, the preceding paragraph) cause the imposition of any tax on REMIC I, REMIC II, REMIC III or the Certificateholders or cause REMIC I, REMIC II or REMIC III to cease to qualify as a REMIC at any time that any Certificates are outstanding. Further, nothing in this Agreement shall require the Trustee to enter into an amendment without receiving an Opinion of Counsel (a copy of which shall be addressed and delivered to the Class A-5 Insurer and the Securities Administrator), satisfactory to the Trustee (i) that such amendment is permitted and is not prohibited by this Agreement and (ii) that all requirements for amending this Agreement (including any consent of the applicable Certificateholders) have been complied with.

Notwithstanding any contrary provision of this Agreement, the Class A-5 Insurer shall have the right to consent to any amendment which materially affects its rights and obligations under this Agreement or the rights of any Holder of the Class A-5 Certificates. So long as there is not a continuing default by the Class A-5 Insurer of its obligations under the Class A-5 Policy, the Class A-5 Insurer has, and may exercise without the consent of the Holders of the Class A-5 Certificates, all of the rights of the Holders of the Class A-5 Certificates under this Agreement.

Promptly after the execution of any amendment to this Agreement requiring the consent of Certificateholders, the Trustee shall furnish written notification of the substance of such amendment to each Certificateholder, the Class A-5 Insurer and each Rating Agency.

It shall not be necessary for the consent of Certificateholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe.

Section 12.02 Recordation of Agreement; Counterparts.

To the extent permitted by applicable law, this Agreement is subject to recordation in all appropriate public offices for real property records in all of 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. The Master Servicer shall effect such recordation at the Trust's expense upon the request in writing of a Certificateholder, but only if such direction is accompanied by an Opinion of Counsel (provided at the expense of the Certificateholder requesting recordation) to the effect that such recordation would materially and beneficially affect the interests of the Certificateholders or is required by law.

For the purpose of facilitating the recordation of this Agreement as herein provided and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 12.03 Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO AND THE CERTIFICATEHOLDERS SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAWS).

Section 12.04 Intention of Parties.

It is the express intent of the parties hereto that the conveyance of the Mortgage Notes, Mortgages, assignments of Mortgages, title insurance policies and any modifications, extensions and/or assumption agreements and private mortgage insurance policies relating to the Mortgage Loans by the Seller to the Depositor, and by the Depositor to the Trustee be, and be construed as, an absolute sale thereof to the Depositor or the Trustee, as applicable. It is, further, not the intention of the parties that such conveyance be deemed a pledge thereof by the Seller to the Depositor, or by the Depositor to the Trustee. However, in the event that, notwithstanding the intent of the parties, such assets are held to be the property of the Seller or the Depositor, as applicable, or if for any other reason the Mortgage Loan Purchase Agreement or this Agreement is held or deemed to create a security interest in such assets, then (i) the Mortgage Loan Purchase Agreement and this Agreement shall each be deemed to be a security agreement within the meaning of the Uniform Commercial Code of the State of New York and (ii) the conveyance provided for in the Mortgage Loan Purchase Agreement from the Seller to the Depositor, and the conveyance provided for in this Agreement from the Depositor to the Trustee, shall be deemed to be an assignment and a grant by the Seller or the Depositor, as applicable, for the benefit of the Certificateholders and the Class A-5 Insurer, of a security interest in all of the assets that constitute the Trust Fund, whether now owned or hereafter acquired.

The Depositor for the benefit of the Certificateholders and the Class A-5 Insurer shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in the assets of the Trust Fund, such security interest would be deemed to be a perfected security interest of first priority under applicable law and shall be maintained as such throughout the term of the Agreement.

Section 12.05 Notices.

(a) The Trustee shall use its best efforts to promptly provide notice to each Rating Agency and the Class A-5 Insurer with respect to each of the following of which a Responsible Officer of the Trustee has actual knowledge:

- (i) Any material change or amendment to this Agreement;
- (ii) The occurrence of any Event of Default that has not been cured;

(iii) The resignation or termination of the Master Servicer, the Securities Administrator or the Trustee and the appointment of any successor;

(iv) The repurchase or substitution of Mortgage Loans pursuant to Sections 2.02, 2.03, 4.20 and 11.01; and

(v) The final payment to Certificateholders.

(b) All directions, demands and notices hereunder shall be in writing and shall be deemed to have been duly given when delivered at or mailed by registered mail, return receipt requested, postage prepaid, or by recognized overnight courier, or by facsimile transmission to a number provided by the appropriate party if receipt of such transmission is confirmed to (i) in the case of the Depositor, Bear Stearns Asset Backed Securities I LLC, 383 Madison Avenue, New York, New York 10179, Attention: Chief Counsel; (ii) in the case of the Seller or the Company, EMC Mortgage Corporation, 909 Hidden Ridge Drive, Irving, Texas 75038, Attention: Ralene Ruyle or such other address as may be hereafter furnished to the other parties hereto by the Master Servicer in writing; (iv) in the case of the Trustee, at each Corporate Trust Office or such other address as the Trustee may hereafter furnish to the other parties hereto; (v) in the case of the Master Servicer or the Securities Administrator, P. O. Box 98, Columbia, Maryland 21046 (or, for overnight deliveries, 9062 Old Annapolis Road, Columbia, Maryland 21045), Attention: BSABS I 2005-AC9 or such other address as may be hereafter furnished to the other parties hereto by the Securities Administrator in writing; (vi) in the case of the Rating Agencies, (x) Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Home Equity Monitoring and (y) Standard & Poor's, 55 Water Street, 41st Floor, New York, New York 10041, Attention: Mortgage Surveillance Group; and (vii) in the case of the Class A-5 Insurer, Financial Guaranty Insurance Company, 125 Park Avenue, New York, New York 10017, Attention: Structured Finance Surveillance (Bear Stearns 2005-AC9), or such other address as may be hereafter furnished to the Trustee by the Class A-5 Insurer in writing. Any notice delivered to the Seller, the Master Servicer, the Securities Administrator, the Class A-5 Insurer or the Trustee under this Agreement shall be effective only upon receipt. Any notice required or permitted to be mailed to a Certificateholder, unless otherwise provided herein, shall be given by first-class mail, postage prepaid, at the address of such Certificateholder as shown in the Certificate Register; any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Certificateholder receives such notice.

Section 12.06 Severability of Provisions.

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

Section 12.07 Assignment.

Notwithstanding anything to the contrary contained herein, except as provided pursuant to Section 8.02, this Agreement may not be assigned by the Master Servicer, the Seller or the Depositor.

Section 12.08 Limitation on Rights of Certificateholders.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust Fund, nor entitle such Certificateholder's legal representative or heirs to claim an accounting or to take any action or commence any proceeding in any court for a petition or winding up of the Trust Fund, or otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

No Certificateholder shall have any right to vote (except as provided herein) or in any manner otherwise control the operation and management of the Trust Fund, or the obligations of the parties hereto, nor shall anything herein set forth or contained in the terms of the Certificates be construed so as to constitute the Certificateholders from time to time as partners or members of an association; nor shall any Certificateholder be under any liability to any third party by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

No Certificateholder shall have any right by virtue or by availing itself of any provisions of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement, unless such Holder previously shall have given to the Trustee or the Securities Administrator, as appropriate, a written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates shall also have made written request to the Trustee or the Securities Administrator, as appropriate to institute such action, suit or proceeding in its own name as Trustee or the Securities Administrator, as appropriate, hereunder and shall have offered to the Trustee or the Securities Administrator, as appropriate, such reasonable indemnity as it may require against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee or the Securities Administrator, as appropriate, for 60 days after its receipt of such notice, request and offer of indemnity shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more Holders of Certificates shall have any right in any manner whatever by virtue or by availing itself or themselves of any provisions of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of the Certificates, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner herein provided and for the common benefit of all Certificateholders. For the protection and enforcement of the provisions of this Section 12.08, each and every Certificateholder, the Trustee or the Securities Administrator shall be entitled to such relief as can be given either at law or in equity.

Section 12.09 Inspection and Audit Rights. The Master Servicer agrees that, on reasonable prior notice, it will permit any representative of the Depositor, the Class A-5 Insurer or the Trustee during the Master Servicer's normal business hours, to examine all the books of account, records, reports and other papers of the Master Servicer relating to the Mortgage Loans,

to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants selected by the Depositor, the Trustee or the Class A-5 Insurer and to discuss its affairs, finances and accounts relating to such Mortgage Loans with its officers, employees and independent public accountants (and by this provision the Master Servicer hereby authorizes such accountants to discuss with such representative such affairs, finances and accounts), all at such reasonable times and as often as may be reasonably requested. Any out-of-pocket expense incident to the exercise by the Depositor or the Trustee of any right under this Section 12.09 shall be borne by the party requesting such inspection, subject to such party's right to reimbursement hereunder (in the case of the Trustee, pursuant to Section 10.05 hereof).

Section 12.10 Certificates Nonassessable and Fully Paid.

It is the intention of the Depositor that Certificateholders shall not be personally liable for obligations of the Trust Fund, that the interests in the Trust Fund represented by the Certificates shall be nonassessable for any reason whatsoever, and that the Certificates, upon due authentication thereof by the Trustee pursuant to this Agreement, are and shall be deemed fully paid.

Section 12.11 Section 12.11 Class A-5 Insurer Rights.

(a) All notices, statements, reports, certificates, lists or opinions required by this Agreement to be sent to the parties hereto, the Rating Agencies or the Certificateholders shall also be sent at such time to the Class A-5 Insurer at the notice addresses set forth in Section 12.05.

(b) The Class A-5 Insurer shall be an express third party beneficiary of this Agreement for the purpose of enforcing the provisions hereof to the extent of the Class A-5 Insurer's or any Certificateholder's rights explicitly specified herein as if a party hereto.

(c) All references herein to the ratings assigned to the Certificates and to the interests of any Certificateholders shall be without regard to the Class A-5 Policy.

(d) The Trustee (subject to its rights under this Agreement), the Depositor, the Securities Administrator and the Master Servicer shall cooperate in all respects with any reasonable request by the Class A-5 Insurer for action to preserve or enforce the Class A-5 Insurer's rights or interests hereunder without limiting the rights or affecting the interests of the Certificateholders as otherwise set forth herein.

(e) The Class A-5 Insurer will have the right to exercise all rights, including voting rights, which the Holders of the Class A-5 Certificates are entitled to exercise under this Agreement, under the Mortgage Loan Purchase Agreement or any other instrument, document or agreement relating to the foregoing. In addition, the Class A-5 Insurer shall have the right to participate in, to direct the enforcement or defense of, and, at the Class A-5 Insurer's sole option, to institute or assume the defense of, any action, proceeding or investigation for any remedy available to the Trustee and to the Securities Administrator with respect to any matter that could adversely affect the Trust, the Trust Fund or the rights or obligations of the Class A-5 Insurer hereunder, under the Mortgage Loan Purchase Agreement, under the Class A-5 Insurance Agreement or under the Class A-5 Policy, or any other instrument, document or agreement

relating to the foregoing or under the other Transaction Documents, including (without limitation) any insolvency or bankruptcy proceeding in respect of the Seller, the Master Servicer, the Depositor or any Affiliate thereof provided, that such participation or direction shall not be in conflict with any rule of law or with the terms of this Agreement. Following written notice to the Trustee and to the Securities Administrator, the Class A-5 Insurer shall have the exclusive right to determine, in its sole discretion, the actions necessary to preserve and protect the Trust and the Trust Fund.

(f) The Trustee hereby agrees to provide to the Class A-5 Insurer prompt written notice of any action, proceeding or investigation of which a Responsible Officer of the Trustee has actual knowledge that names the Trust or the Trustee as a party and that could adversely affect the Trust or the Trust Fund.


(g) Notwithstanding anything contained herein or in any of the other Transaction Documents to the contrary, the Trustee shall not, without the Class A-5 Insurer's prior written consent or unless directed in writing by the Class A-5 Insurer's, undertake or join any litigation or agree to any settlement of any action, proceeding or investigation affecting the Trust or the Trust Fund to the extent any such settlement, action, proceeding or investigation could reasonably be expected to have a material adverse affect on the rights or obligations of the Class A-5 Insurer hereunder or under the Class A-5 Policy, or the Transaction Documents.

Each Holder of a Certificate, by acceptance of its Certificate, and the Trustee agree that the Class A-5 Insurer shall have such rights as set forth in this Section, which are in addition to any rights of the Class A-5 Insurer pursuant to the other provisions of the Transaction Documents, that the rights set forth in this Section may be exercised by the Class A-5 Insurer, in its sole discretion, without the need for the consent or approval of any Certificateholder or the Trustee, notwithstanding any other provision contained herein or in any of the other Transaction Documents, and that nothing contained in this Section shall be deemed to be an obligation of the Class A-5 Insurer to exercise any of the rights provided for herein.

* * *

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

BEAR STEARNS ASSET BACKED
SECURITIES I LLC,
as Depositor

By: 
Name: Baron Silverstein
Title: Vice President

EMC MORTGAGE CORPORATION,
as Seller and Company

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Securities Administrator and Master Servicer

By: _____
Name: Stacey Taylor
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee


By: _____
Name: Maryellen Hunter
Title: Assitant Vice President

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

BEAR STEARNS ASSET BACKED
SECURITIES I LLC,
as Depositor

By: _____
Name: Baron Silverstein
Title: Vice President

EMC MORTGAGE CORPORATION,
as Seller and Company

By:  _____
Name: Jenna Kemp
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Securities Administrator and Master Servicer

By: _____
Name: Stacey Taylor
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Maryellen Hunter
Title: Assitant Vice President

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


BEAR STEARNS ASSET BACKED
SECURITIES I LLC,
as Depositor

By: _____
Name: Baron Silverstein
Title: Vice President

EMC MORTGAGE CORPORATION,
as Seller and Company

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Securities Administrator and Master Servicer

By:  _____
Name: Stacey Taylor
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Maryellen Hunter
Title: Assitant Vice President

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

BEAR STEARNS ASSET BACKED
SECURITIES I LLC,
as Depositor

By: _____
Name: Baron Silverstein
Title: Vice President


EMC MORTGAGE CORPORATION,
as Seller and Company

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Securities Administrator and Master Servicer

By: _____
Name: Stacey Taylor
Title: Vice President

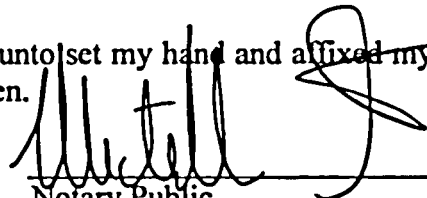
U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 
Name: Maryellen Hunter
Title: Assitant Vice President

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

On this 30th day of November, 2005, before me, a notary public in and for said State, appeared Baron Silverstein, personally known to me on the basis of satisfactory evidence to be an authorized representative of Bear Stearns Asset Backed Securities I LLC, one of the companies that executed the within instrument, and also known to me to be the person who executed it on behalf of such limited liability company and acknowledged to me that such limited liability company executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Notary Public

[Notarial Seal]

MICHELLE STERLING
Notary Public, State of New York
No. 02ST606612
Qualified in Westchester County
Commission Expires November 19, 2009

STATE OF TEXAS)
) ss.:
COUNTY OF DALLAS)

On this 30th day of November, 2005, before me, a notary public in and for said State, appeared Jenna Kemp, personally known to me on the basis of satisfactory evidence to be an authorized representative of EMC Mortgage Corporation, one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of such corporation and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Mickie S. Gilmore
Notary Public



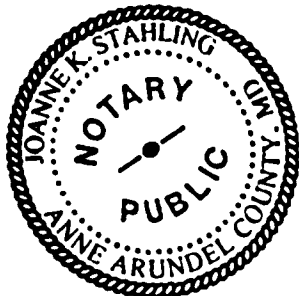
Notary Public

[Notarial Seal]

State of Maryland)
)ss:
County of Anne Arundel)

On the 30th day of November 2005, before me, a notary public in and for said State of Maryland, personally appeared Stacey Taylor known to me to be a Vice President of Wells Fargo Bank, National Association, one of the corporations that executed the within instrument, and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Joanne K. Stahling

Notary Public

STATE OF MASSACHUSETTS)
) ss:
COUNTY OF SUFFOLK)

On the 30th day of November 2005 before me, a notary public in and for said State, personally appeared Maryellen Hunter, known to me to be an Assistant Vice President of U.S. Bank National Association, a national banking association, one of the parties that executed the within agreement, and also known to me to be the person who executed the within agreement on behalf of said party and acknowledged to me that such party executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Notary Public **Larry D. Snell**

[SEAL]

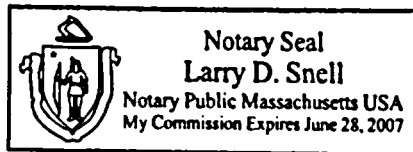


EXHIBIT C

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

Issuer: Bear Stearns Asset Backed Securities I Trust
2005-AC9

Policy Number: 05030141
Control Number: 0010001

Insured Obligations:

\$75,000,000 in aggregate maximum principal amount of Bear Stearns Asset Backed Securities I Trust 2005-AC9, Asset-Backed Certificates, Series 2005-AC9, Class A-5 Certificates (the "Insured Certificates")

Trustee: U.S. Bank National Association

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the right of Financial Guaranty to receive monthly premiums pursuant to the Pooling and Servicing Agreement (as defined below) and the Insurance Agreement referred to therein, and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably agrees to pay each Insured Amount, to the extent set forth in the Pooling and Servicing Agreement, to the Securities Administrator on behalf of the Trustee named above or its successor, not in its individual capacity, but solely as trustee for the Insured Certificateholders, except as otherwise provided herein with respect to Preference Amounts. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Pooling and Servicing Agreement as in effect and executed on the date hereof without giving effect to any subsequent amendments or modifications thereto unless such amendments or modifications have been approved in writing by Financial Guaranty.

The term "Insured Amount" means, with respect to the Insured Certificates (1) any Deficiency Amount and (2) any Preference Amount.

The term "Deficiency Amount" means, with respect to any Distribution Date and the Insured Certificates, an amount, if any, equal to the sum of:

- (i) the excess of (x) the Monthly Interest Distributable Amount for the Insured Certificates on such Distribution Date over (y) the Interest Funds from the Mortgage Loans on such Distribution Date allocated to pay the Monthly Interest

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

Distributable Amount on the Insured Certificates on such Distribution Date as provided in Section 6.04(a) of the Pooling and Servicing Agreement; and

(ii) the Certificate Principal Balance of the Insured Certificates to the extent unpaid on the Last Scheduled Distribution Date or earlier termination of the Trust Fund pursuant to the terms of the Pooling and Servicing Agreement, in each case after giving effect to distributions made on such date from all sources other than this Surety Bond.

The term "Insured Certificateholder" means, as to a particular Insured Certificate, the Person, other than the Depositor, any Servicer, the Master Servicer, the Trustee, the Seller, the Securities Administrator or any subservicer retained by a Servicer who, on the applicable Distribution Date, is entitled under the terms of the Insured Certificates to a distribution on the Insured Certificates.

The term "Last Scheduled Distribution Date" with respect to the Insured Certificates means the Distribution Date occurring in December 2035.

Financial Guaranty will pay a Deficiency Amount with respect to the Insured Certificates by 12:00 noon (New York City time) in immediately available funds to the Securities Administrator on behalf of the Trustee on the later of (i) the second Business Day following the Business Day on which Financial Guaranty shall have received Notice that a Deficiency Amount is due in respect of the Insured Certificates, and (ii) the Distribution Date on which the related Deficiency Amount is payable to the Insured Certificateholders pursuant to the Pooling and Servicing Agreement, for payment to the Insured Certificateholders in the same manner as other payments with respect to the Insured Certificates are required to be made. Any Notice received by Financial Guaranty after 12:00 noon New York City time on a given Business Day or on any day that is not a Business Day shall be deemed to have been received by Financial Guaranty on the next succeeding Business Day.

Upon payment of an Insured Amount hereunder, Financial Guaranty shall be fully subrogated to the rights of the Insured Certificateholders to receive the amount so paid. Financial Guaranty's obligations with respect to the Insured Certificates hereunder with respect to each Distribution Date shall be discharged to the extent funds consisting of the related Deficiency Amount are received by the Securities Administrator on behalf of the Trustee as trustee for the Insured Certificateholders for payment to such Insured Certificateholders, as provided in the Pooling and Servicing Agreement and herein, whether or not such funds are properly applied by the Securities Administrator or the Trustee.

If any portion or all of any amount that is insured hereunder that was previously distributed to a Insured Certificateholder is recoverable and recovered from such Insured Certificateholder as a

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125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

voidable preference by a trustee in bankruptcy pursuant to the U.S. Bankruptcy Code, pursuant to a final non-appealable order of a court exercising proper jurisdiction in an insolvency proceeding (a "Final Order") (such recovered amount, a "Preference Amount"), Financial Guaranty will pay on the guarantee described in the first paragraph hereof, an amount equal to each such Preference Amount by 12:00 noon on the second Business Day following receipt by Financial Guaranty of (w) a certified copy of the Final Order, (x) an opinion of counsel satisfactory to Financial Guaranty that such order is final and not subject to appeal, (y) an assignment, in form reasonably satisfactory to Financial Guaranty, irrevocably assigning to Financial Guaranty all rights and claims of the Trustee and/or such Insured Certificateholder relating to or arising under such Preference Amount and appointing Financial Guaranty as the agent of the Trustee and/or such Insured Certificateholder in respect of such Preference Amount, and (z) a Notice appropriately completed and executed by the Securities Administrator or such Insured Certificateholder, as the case may be. Such payment shall be made to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Final Order and not to the Securities Administrator, Trustee or Insured Certificateholder directly (unless the Insured Certificateholder has previously paid such amount to such receiver, conservator, debtor-in-possession or trustee named in such Final Order in which case payment shall be made to the Securities Administrator for payment to the Insured Certificateholder upon delivery of proof of such payment reasonably satisfactory to Financial Guaranty). Notwithstanding the foregoing, in no event shall Financial Guaranty be (i) required to make any payment under this Surety Bond in respect of any Preference Amount to the extent such Preference Amount is comprised of amounts previously paid by Financial Guaranty hereunder, or (ii) obligated to make any payment in respect of any Preference Amount, which payment represents a payment of the principal amount of any Insured Certificates, prior to the time Financial Guaranty otherwise would have been required to make a payment in respect of such principal, in which case Financial Guaranty shall pay the balance of the Preference Amount when such amount otherwise would have been required.

Any of the documents required under clauses (w) through (z) of the preceding paragraph that are received by Financial Guaranty after 12:00 noon New York City time on a given Business Day or on any day that is not a Business Day shall be deemed to have been received by Financial Guaranty on the next succeeding Business Day. If any notice received by Financial Guaranty is not in proper form or is otherwise insufficient for the purpose of making a claim under this Surety Bond, it will be deemed not to have been received by Financial Guaranty, and Financial Guaranty will promptly so advise the Securities Administrator, and the Securities Administrator may submit an amended Notice. All payments made by Financial Guaranty hereunder in respect of Preference Amounts will be made with Financial Guaranty's own funds.

This Surety Bond is non-cancelable for any reason, including nonpayment of any premium. The premium on this Surety Bond is not refundable for any reason, including the payment of any

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

Insured Certificates prior to the maturity of the Insured Certificates. This Surety Bond shall expire and terminate without any action on the part of Financial Guaranty or any other Person on the date that is the later of (i) the date that is one year and one day following the date on which the Insured Certificates shall have been paid in full and (ii) if any insolvency proceeding referenced in the second preceding paragraph has been commenced on or prior to the date specified in clause (i) above, the 30th day after the entry of a final, non-appealable order in resolution or settlement of such proceeding.

A monthly premium shall be due and payable in arrears as provided in the Pooling and Servicing Agreement and the Insurance Agreement.

This Surety Bond does not cover Unpaid Interest Shortfalls or Net WAC Rate Carryover Amounts on the Insured Certificates, nor does it guarantee to the Insured Certificateholders any particular rate of principal payment. In addition, this Surety Bond does not cover shortfalls, if any, attributable to the liability of the Depositor, the Trust, the Trustee or the Insured Certificateholder for withholding taxes, if any (including interest and penalties in respect of any liability for withholding taxes). This Surety Bond does not cover the failure of the Trustee or Securities Administrator to make any distribution required under the Pooling and Servicing Agreement to any Insured Certificateholders.

This Surety Bond is subject to and shall be governed by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof. The proper venue for any action or proceeding on this Surety Bond shall be the County of New York, State of New York.

THE INSURANCE PROVIDED BY THIS SURETY BOND IS NOT COVERED BY THE NEW YORK PROPERTY/CASUALTY INSURANCE SECURITY FUND (NEW YORK INSURANCE CODE, ARTICLE 76).

“Notice” means a written notice in the form of Exhibit A to this Surety Bond by registered or certified mail or telephonic or telegraphic notice, subsequently confirmed by written notice delivered via telecopy, telex or hand delivery from the Securities Administrator to Financial Guaranty specifying the information set forth therein. “Pooling and Servicing Agreement” means the Pooling and Servicing Agreement relating to the Insured Certificates among EMC Mortgage Corporation, as Seller, Bear Stearns Asset Backed Securities I LLC, as Depositor, Wells Fargo Bank, National Association, as Master Servicer and Securities Administrator, and U.S. Bank National Association, as Trustee, dated as of November 1, 2005. “Insurance Agreement” means the Insurance and Indemnity Agreement, among Financial Guaranty, EMC Mortgage Corporation, Bear Stearns Asset Backed Securities I LLC and the Trustee, dated as of November 30, 2005.

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125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

In the event that payments under any Insured Certificate are accelerated, nothing herein contained shall obligate Financial Guaranty to make any payment of principal or interest on such Insured Certificate on an accelerated basis, unless such acceleration of payment by Financial Guaranty is at the sole option of Financial Guaranty; it being understood that a payment shortfall in respect of the redemption of any Insured Certificate by reason of the repurchase of the assets of Trust Fund pursuant to Section 11.01 of the Pooling and Servicing Agreement does not constitute acceleration for the purposes hereof.

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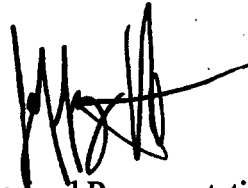
Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
(212) 312-3000
(800) 352-0001

Surety Bond

IN WITNESS WHEREOF, Financial Guaranty has caused this Surety Bond to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President



Authorized Representative

Effective Date: November 30, 2005

EXHIBIT A

NOTICE OF NONPAYMENT
AND DEMAND FOR PAYMENT OF INSURED AMOUNTS

To: Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017
(212) 312-3000
Attention: General Counsel

Telephone: (212) 312-3000
Telecopier: (212) 312-3220

Re:

\$75,000,000 in aggregate maximum principal amount of Bear Stearns Asset Backed Securities I Trust 2005-AC9, Asset-Backed Certificates, Series 2005-AC9, Class A-5 Certificates (the "Insured Certificates").

Policy No. 05030141 (the "Surety Bond")

Distribution Date: _____

We refer to that certain Pooling and Servicing Agreement, dated as of November 1, 2005, among EMC Mortgage Corporation, as Seller, Bear Stearns Asset Backed Securities I LLC, as Depositor, Wells Fargo Bank, National Association, as Master Servicer and Securities Administrator, and U.S. Bank National Association, as Trustee (the "Pooling and Servicing Agreement"), relating to the above referenced Insured Certificates. All capitalized terms not otherwise defined herein or in the Surety Bond shall have the same respective meanings assigned to such terms in the Pooling and Servicing Agreement.

- (a) The Securities Administrator has determined under the Pooling and Servicing Agreement that in respect of such Distribution Date:
- (1) the excess of (x) the Monthly Interest Distributable Amount for the Insured Certificates on such Distribution Date over (y) the Interest Funds from the Mortgage Loans on such Distribution Date allocated to pay the Monthly Interest Distributable Amount on the Insured Certificates on such Distribution Date as provided in Section 6.04(a) of the Pooling and Servicing Agreement is \$[]; and
 - (2) the Certificate Principal Balance of the Insured Certificates to the extent unpaid on the Last Scheduled Distribution Date or earlier termination of the Trust Fund pursuant to the terms of the Pooling and Servicing Agreement, in each case after giving effect to distributions made on such date from all sources other than this Surety Bond is \$[]

(b) The amounts available to pay the items identified in items (1) through (2) above, as reduced by any portion thereof that has been deposited in the Master Servicer Collection Account or the Distribution Account but may not be withdrawn therefrom pursuant to an order of a United States bankruptcy court of competent jurisdiction imposing a stay pursuant to Section 362 of the United States Bankruptcy Code), is \$[_____].

Please be advised that accordingly, a Deficiency Amount is due for the Distribution Date identified above for the Insured Certificates in the amount of \$_____. This Deficiency Amount constitutes an Insured Amount payable by Financial Guaranty under the Surety Bond.

[In addition, attached hereto is a copy of the Final Order in connection with a Preference Amount in the amount set forth therein, together with an assignment of rights and appointment of agent and other documents required by the Surety Bond in respect of Preference Amounts. The amount of the Preference Amount is \$_____. This Preference Amount constitutes an Insured Amount payable by Financial Guaranty under the Surety Bond.]

Accordingly, pursuant to the Pooling and Servicing Agreement, this statement constitutes a notice for payment of an Insured Amount by Financial Guaranty in the amount of \$_____ under the Surety Bond.

(c) No payment claimed hereunder is in excess of the amount payable under the Surety Bond.

The amount requested in this Notice should be paid to: [Payment Instructions]

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed Five Thousand Dollars (\$5,000.00) and the stated value of the claim for each such violation.

IN WITNESS WHEREOF, the Securities Administrator has executed and delivered this Notice of Nonpayment and Demand for Payment of Insured Amounts this _____ day of _____.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Securities Administrator

By: _____

Title: _____

EXHIBIT D

TRUST AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION, as Trustee,

the COUNTY OF CALAVERAS,

and the

PUBLIC PROPERTY FINANCING CORPORATION
OF CALIFORNIA

Dated November 1, 2007

Relating to
County of Calaveras
2007 Certificates of Participation

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TRUST AGREEMENT

This Trust Agreement, dated November 1, 2007, between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee"), the COUNTY OF CALAVERAS, a political subdivision of the State of California (the "County"), and PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation and the County have entered into a lease entitled "Facilities Lease" and dated the date hereof (the "Facilities Lease");

WHEREAS, under the Facilities Lease, the County is obligated to make Rental Payments to the Corporation for the lease of the Demised Premises, as defined hereafter;

WHEREAS, all rights to receive such Rental Payments will be assigned without recourse by the Corporation to the Trustee pursuant to this Trust Agreement;

WHEREAS, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver Certificates of Participation (the "Certificates") in an amount equal to the aggregate principal components of such Rental Payments, each evidencing and representing a proportional interest in such Rental Payments;

WHEREAS, the County has determined to enter into this Trust Agreement in order to provide for the execution and delivery of the Certificates, to establish and declare the terms and conditions upon which the Certificates shall be delivered and secured and to secure the payment of the principal, premium (if any), and interest represented thereby;

WHEREAS, the execution and delivery of this Trust Agreement has in all respects been duly and validly authorized by resolutions duly passed and approved by the County and the Corporation; and

WHEREAS, the County has determined that all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in connection with the execution and the entering into of this Trust Agreement do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Agreement;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH that, in order to secure the payment of the principal and the interest represented by all Certificates at any time executed and delivered hereunder and to provide the terms and conditions under which all property, rights, and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the

Certificates by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the County and the Corporation do hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Certificates, or any part thereof, as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. For all purposes of this Trust Agreement and of any Supplemental Trust Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Trust Agreement as originally executed.

(E) The words "herein," "hereof," "hereby," "hereunder," and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender shall mean and include words of all other genders.

Additional Payments means the additional payments payable by the County under and pursuant to Section 4.8 (Additional Payments) of the Facilities Lease.

Annual Debt Service means for each Bond Year the aggregate amount (without duplication) of principal and interest scheduled to become due (either at maturity or by mandatory prepayment) and sinking fund payments (or lease or installment purchase payments with separately designated interest and principal components) required to be paid in that Bond Year on all Outstanding Certificates.

Applicable Environmental Laws means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; the Hazardous Materials Transportation Act ("HMTA"), 49 USC Sections 1801 et seq.; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance

Account Act ("HSAA"), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Beneficial Owner has the meaning specified in the Continuing Disclosure Certificate.

Board means the Board of Supervisors of the County.

Bond Year means the period ending on November 1 of each year with the first Bond Year beginning on the Closing Date and ending on November 1, 2008, and the last Bond Year ending on the date on which none of the Certificates remain outstanding.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State or the state in which the Corporate Trust Office is located are authorized or obligated by law or executive order to be closed.

Certificate Fund means the Certificate Fund established pursuant to Section 6.2 (Pledge of Rental Payments; Certificate Fund).

Certificate Register has the meaning stated in Section 2.6 (Registration, Transfer, and Exchange).

Certificate Reserve Fund means the fund by that name established pursuant to Section 6.6 (Funding and Application of Certificate Reserve Fund).

Certificate Reserve Requirement means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service on all Certificates then Outstanding, (ii) 125% of average Annual Debt Service on all Certificates then Outstanding, and (iii) 10% of the aggregate principal amount of the Certificates executed and delivered on the Closing Date (or, if the Certificates were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Certificates (excluding pre-issuance accrued interest), as those terms are defined in the Code).

Certificates or Certificates of Participation means the County of Calaveras 2007 Certificates of Participation authorized by, and at any time Outstanding pursuant to, this Trust Agreement.

Closing Date means the date of delivery of the Certificates to the initial purchaser thereof.

Code means the Internal Revenue Code of 1986 and the regulations applicable to or issued thereunder.

Construction Fund means the fund by that name established pursuant to Section 3.3 (Establishment and Application of Construction Fund).

Continuing Disclosure Certificate means the Continuing Disclosure Certificate dated the Closing Date by the County, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

Corporate Trust Office or **corporate trust office** means the corporate trust office of the Trustee at One California Street, Suite 2100, San Francisco, CA 94111, Attention: Corporate Trust Services, or such other or additional offices as may be designated by the Trustee.

Corporation means Public Property Financing Corporation of California, a nonprofit public benefit corporation duly established and validly existing under and by virtue of the laws of the State of California.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the County and related to the original authorization, execution, sale, and delivery of the Certificates, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, title insurance premiums, rating agency fees, municipal bond insurance premiums, fees and charges for preparation, execution, transportation, and safekeeping of Certificates, and any other cost, charge, or fee in connection with the original delivery of Certificates.

Costs of Issuance Fund means the Costs of Issuance Fund established pursuant to Section 3.2 (Establishment and Application of Costs of Issuance Fund).

County means the County of Calaveras, a political subdivision duly organized and existing under the Constitution and laws of the State.

Defeasance Securities means direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing).

Demised Premises means the real property described in Exhibit A attached to the Facilities Lease and all improvements located thereon.

Event of Default means any of the events specified in Section 8.1 (Events of Default).

Facilities Lease or Lease means that certain lease entitled "Facilities Lease" between the Corporation and the County, dated November 1, 2007, wherein the Corporation leased the Demised Premises to the County, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the County.

Ground Lease means that certain lease entitled "Ground Lease" between the County and the Corporation, dated November 1, 2007, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

Hazardous Substance means any substance that shall, at any time, be listed as "hazardous" or "toxic" in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in CERCLA, HMTA, RCRA, and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, State or local environmental law, ordinance, rule, or regulation.

Information Service means *Standard & Poor's Security Evaluations, Inc.*, Notification Services, 55 Water Street, 45th Floor, New York, New York 10041, Tel. 212-438-4510, Fax 212-438-3975, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and or such other services providing information with respect to called bonds, or no such services, as the County may designate in a Request of the County delivered to the Trustee.

Insurance Consultant means any independent person having experience in consulting on the insurance requirements of governmental entities of the general size and character of the County, selected by the County.

Insurer means Financial Guaranty Insurance Company, a New York Stock insurance company, or any successor thereto or assignee thereof.

Interest Fund means the fund by that name established pursuant to Section 6.3 (Allocation of Rental Payments).

Interest Payment Date means May 1 and November 1 in each year, commencing November 1, 2008.

Investment Securities means the following:

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").

2. Direct obligations* of the following federal agencies, which are fully guaranteed by the full faith and credit of the United State of America:

- (a) Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
- (b) Federal Housing Administration – debentures
- (c) General Services Administration – participation certificates
- (d) Government National Mortgage Association (“GNMAs”) – guaranteed mortgage-backed securities and guaranteed participation certificates
- (e) Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
- (f) U.S. Department of Housing & Urban Development – local authority bonds
- (g) U.S. Maritime Administration – guaranteed Title XI financings
- (h) Washington Metropolitan Area Transit Authority – guaranteed transit bonds

3. Direct obligations* of the following federal agencies, which are not fully guaranteed by the faith and credit of the United States of America:

- (a) Federal National Mortgage Association (“FNMA”) – senior debt obligations rated Aaa by Moody’s and AAA by Standard & Poor’s
- (b) Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by Standard & Poor’s
- (c) Federal Home Loan Banks – consolidated debt obligations
- (d) Student Loan Marketing Association – debt obligations
- (e) Resolution Funding Corporation – debt obligations

4. Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by Standard & Poor’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose

* The following are explicitly excluded from the securities enumerated in 2 and 3:

- i. All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- ii. Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- iii. Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- iv. Collateralized Mortgage-Backed Obligations (“CMOs”).

uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by Standard & Poor's.

5. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by Standard & Poor's.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.

7. Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by Standard & Poor's (not considering holding company ratings).

8. Investments in money-market funds rated AAAM or AAAM-G by Standard & Poor's, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

9. State-sponsored investment pools (such as the Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code) rated AA- or better by Standard & Poor's.

10. Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the master repurchase agreement promulgated by the Securities Industry and Financial Markets Association, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by Standard & Poor's, or (ii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by Standard & Poor's.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from Standard & Poor's. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's,

FNMA's or FHLMC's. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or to the Agent, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the County and the Trustee shall receive an Opinion of Bond Counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Insurer directs otherwise:

i. Insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

ii. Failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or

iii. Failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

11. Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by Standard & Poor's; (ii) domestic insurance companies rated Aaa by Moody's and AAA by Standard & Poor's; and (iii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by Standard & Poor's.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an unsecured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by Standard & Poor's; (ii) domestic FDIC-insured commercial banks, or U.S.

branches of foreign banks, rated at least A1 by Moody's and A+ by Standard & Poor's; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by Standard & Poor's; and (iv) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by Standard & Poor's. Required collateral levels shall be as set forth in 11(f) below.

(d) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by Standard & Poor's, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from Standard & Poor's. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty to the County.

(f) The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral"), which shall be maintained at the following collateralization levels at each valuation date:

- i. U.S. Government Securities at 104% of principal plus accrued interest; or
- ii. Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

- i. The last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;
- ii. Valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
- iii. The lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

(i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee and the Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

- i. In the event of a deficiency in the Certificate Fund;
- ii. Upon acceleration after an Event of Default;
- iii. Upon refunding of the Certificates in whole or in part;
- iv. Reduction of the Certificate Reserve Requirement; or
- v. If a determination is later made by bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the County's obligation to pay such fee or penalty is subordinate to its obligation to pay Rental Payments and to make deposits to the Certificate Reserve Fund.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities:

- i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
- ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;
- iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- iv. Failure by the provider to make a payment or observe any covenant under the agreement;
- v. The guaranty (if any) is terminated, repudiated or challenged; or
- vi. Any representation of warranty furnished to the Trustee or the County in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

- i. "Cure periods" for payment default shall not exceed two (2) business days;
- ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Insurer;

iii. Neither the agreement nor guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Insurer;

iv. If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.

v. The provider shall be required to immediately notify the Insurer and the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings;

vi. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim;

vii. The agreement shall require the provider to submit information reasonably requested by the Insurer, including balance invested with the provider, type and market value of collateral and other pertinent information.

12. Forward delivery agreements in which the securities delivered mature on or before each Interest Payment Date (for the Certificate Fund or the Certificate Reserve Fund) or draw down date (the Construction Fund) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by Standard & Poor's; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by Standard & Poor's; and (iii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by Standard & Poor's.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from Standard & Poor's. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

i. The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

ii. The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver

qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

iii. Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and Certificate Reserve Fund replenishments.

iv. The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to the Insurer.

v. The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Insurer.

13. Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the County or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Insurer.

Mandatory Sinking Account Payment means, with respect to Certificates of any maturity, the amount required by this Trust Agreement to be deposited by the County in a Sinking Account for the payment of Term Certificates of such maturity.

Maximum Annual Debt Service shall mean the greatest amount of principal and interest becoming due and payable with respect to all Certificates in any Bond Year including the Bond Year in which the calculation is made or any subsequent Bond Year.

Moody's means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

Net Proceeds means the amount remaining from the gross proceeds of any insurance claim or condemnation award made in connection with the Demised Premises, after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Opinion of Bond Counsel means a written opinion of a law firm experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes, selected by the County.

Outstanding, when used as of any particular time with reference to Certificates, means all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under this Trust Agreement, except (1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Certificates with respect to which all liability of the County shall have been discharged in accordance with Section 5.2 (Discharge of Liability on Certificates), including Certificates (or portions of Certificates) referred to in Section 6.11 (Money Held for

Particular Certificates), provided that those Certificates with respect to which all liabilities have been discharged by Insurer shall be deemed Outstanding; and (3) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to this Trust Agreement.

Owner or Certificateowner, whenever used herein with respect to a Certificate, means the person in whose name such Certificate is registered.

Participating Underwriter has the meaning specified in the Continuing Disclosure Certificate.

Payment Date means each Interest Payment Date and each Principal Payment Date.

Permitted Encumbrances means (1) liens for general ad valorem taxes and assessment, if any, not then delinquent, or that the County may, pursuant to the Facilities Lease, permit to remain unpaid, (2) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that exist of record as of the date of recordation of the Facilities Lease and that the County certifies in writing will not materially impair the use of the Demised Premises, (3) the Ground Lease, as it may be amended from time to time, (4) the Trust Agreement, as it may be amended from time to time, (5) any right or claim of any mechanic, laborer, materialman, supplier, or vendor not filed or perfected in the manner prescribed by law, (6) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions established following the date of recordation of the Facilities Lease and to which the Corporation consents in writing, and (7) liens relating to special assessments levied with respect to the Demised Premises.

Person means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Policy means the Municipal Bond Insurance Policy insurance policy issued by the Insurer that guarantees payment of principal and interest with respect to the Certificates.

Policy Costs means repayment of any draws on the Reserve Policy and payment of reasonable expenses incurred by the Insurer, together with interest thereon, from the date of the draw or incurrence of such expenses, at a rate equal to the lower of (i) the prime rate of Citibank, N.A., in effect from time to time, plus 2% per annum, and (ii) the highest rate permitted by law.

Principal Payment Date means November 1 in each year, commencing November 1, 2008.

Principal Fund means the fund by that name established pursuant to Section 6.3 (Allocation of Rental Payments).

Project means the acquisition, construction, and/or modernization of public facilities to be financed with the proceeds of the Certificates.

Rating Category means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical

modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Rebate Fund means that fund by that name established under Section 6.8 (Rebate Fund).

Redemption Fund means the fund by that name established pursuant to Section 6.7 (Application of Redemption Fund).

Redemption Price means, with respect to any Certificate (or portion thereof) the principal amount represented by such Certificate (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Certificate and this Trust Agreement.

Regular Record Date for interest payable on any Interest Payment Date on the Certificates means the fifteenth day of the month immediately preceding such Interest Payment Date, whether or not such date is a Business Day.

Rental Payment Date means April 15 and October 15 in each year, commencing October 15, 2008.

Rental Payments means the Rental Payments payable by the County pursuant to the provisions of the Facilities Lease.

Reserve Facility means any letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to Section 6.6 (Funding and Application of Certificate Reserve Fund).

Reserve Policy means the Municipal Bond Debt Service Reserve Fund Policy issued by the Insurer.

Responsible Officer of the Trustee means any officer within the corporate trust department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred by the Trustee because of such person's knowledge of and familiarity with the particular subject.

Securities Depositories means The Depository Trust Company, 55 Water Street, New York, NY 10041 tel: 212-855-1000; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the County may designate in a Request of the County delivered to the Trustee.

Serial Certificates means the Certificates, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

Sinking Accounts means the accounts in the Principal Fund so designated and established pursuant to Section 6.5 (Application of Principal Fund) for the payment of Term Certificates.

Special Record Date for the payment of any defaulted interest represented by Certificates means a date fixed by the Trustee pursuant to Section 2.8 (Payment of Interest Represented by Certificates; Interest Rights Preserved).

Standard & Poor's means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

State means the State of California.

Statement, Certificate, Request, Requisition, and Order of the County mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the County by its Superintendent, Chief Business Official, or designee, or any other person authorized by the Board, the Superintendent, or the Chief Business Official, or designee, to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.6 (Form and Content of Documents Delivered to Trustee), each such instrument shall include the statements provided for in that Section.

Supplemental Trust Agreement means any trust agreement hereafter duly executed and delivered, supplementing, modifying, or amending this Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate means the tax certificate delivered by the County at the time of the execution and delivery of the Certificates, as the same may be further amended or supplemented in accordance with its terms.

Term Certificates means the Certificates payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Certificates on or before their specified maturity date or dates.

Trust Agreement means this trust agreement, dated November 1, 2007, between the Trustee, the Corporation, and the County, as originally executed and as it may from time to time be supplemented, modified, or amended by any Supplemental Trust Agreement delivered pursuant to the provisions hereof.

Trustee means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor as Trustee as provided in Section 9.9 (Removal and Resignation; Appointment of Successor).

Section 1.2. Equality of Security. In consideration of the acceptance of the Certificates by the Owners thereof from time to time, this Trust Agreement shall be deemed to be and shall constitute a contract between the County, the Trustee and the Owners from time to time of the Certificates and the covenants and agreements herein set forth to be performed by or on behalf of the County or the Trustee shall be for the equal and proportionate benefit, security and protection of all Owners of the Certificates, without preference, priority or distinction as to security or otherwise of any of the Certificates over any of the others by reasons of the time of delivery, sale, or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security from being provided to particular Certificates under any Supplemental Trust Agreement.

Section 1.3. Acts of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Certificates transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and of the County if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Any request, consent, or other instrument or writing of the Owner of any Certificate shall bind every future Owner of the same Certificate and the Owner of every Certificate delivered in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the County in accordance therewith or reliance thereon.

Section 1.4. Notices, etc., to County, Corporation, and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office. Notices or demands to the Trustee shall be effective upon actual receipt by the officer of the Trustee administering this Trust Agreement. Any notice to or demand upon the County, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed as follows:

To the County: 891 Mountain Ranch Road
 San Andreas, CA 95249
 Attention: County Administrative Officer

(or such other address as may have been filed in writing by the County with the Trustee). Any notice to or demand upon the Corporation shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed as follows:

To the Corporation: Public Property Financing Corporation of California
23945 Calabasas Road, Suite 103
Calabasas, CA 91302
Attention: Secretary/Treasurer

(or such other address as may have been filed in writing by the Corporation with the Trustee).

Section 1.5. Notices to Owners; Waiver. Where this Trust Agreement provides for notice to Owners of any event, such notice shall be sufficiently given (unless otherwise expressly provided) if in writing and mailed, first-class postage prepaid, to each registered Owner, at the address of such Owner as it appears on the Certificate Register. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Owner shall affect the sufficiency of such notice with respect to other Owners.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.6. Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Trust Agreement with respect to compliance by or on behalf of the County or the Corporation with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the County may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the County) upon a certificate or opinion of or representation by an officer of the County, unless such counsel, accountant, or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the County, or the same counsel, or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

Section 1.7. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Trust Agreement.

Section 1.8. Successors and Assigns. Whenever in this Trust Agreement either the County, the Corporation, or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the County, the Corporation, or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.9. Benefits of Trust Agreement. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give to any person other than the County, the Corporation, the Trustee, and the Owners of the Certificates any legal or equitable right, remedy, or claim under or in respect of this Trust Agreement or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the County, the Trustee, and the Owners of the Certificates.

Section 1.10. Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Trust Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 1.11. No Personal Liability for Debt Service. No member of the governing board, officer, agent, or employee of the County, the Corporation, or the Trustee shall be individually or personally liable for the payment of the principal or interest represented by or Redemption Price of the Certificates or be subject to any personal liability or accountability by reason of the execution and delivery thereof; but nothing herein contained shall relieve any such member of the governing board, officer, agent, or employee of the County or the Trustee from the performance of any official duty provided by law or by this Trust Agreement.

Section 1.12. Separability Clause. If any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Trust Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The County, the Corporation, and the Trustee hereby declare that they would have adopted this Trust Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the execution of the Certificates pursuant thereto

irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Trust Agreement may be held illegal, invalid, or unenforceable.

Section 1.13. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 1.14. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**ARTICLE 2
THE CERTIFICATES**

Section 2.1. Authorization; Title. The County hereby authorizes the Trustee to execute and deliver the Certificates representing an aggregate amount of principal components of Rental Payments of \$7,715,000. The title of the Certificates shall be "2007 Certificates of Participation."

Section 2.2. Terms and Form of Certificates.

(A) **Form of Certificates.** The form of the Certificates shall be substantially as set forth in Exhibit A with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Certificates established by this Article.

(B) **Book-Entry Form; Denominations.** The Certificates shall be delivered in fully registered form, in denominations of \$5,000 or any integral multiple thereof, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company. The Certificates shall be evidenced by one Certificate maturing on each of the maturity dates with respect to the Certificates in a denomination corresponding to the total principal amount represented by the Certificates payable on such date. Registered ownership of the Certificates, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.4 (**Book-Entry Provisions**). The Certificates shall bear such distinguishing numbers and letters as may be specified by the Trustee.

(C) **Date; Interest Accrual; Payable Dates; Interest Rates.** The Certificates shall be dated their date of delivery, shall represent interest components of Rental Payments payable from their date at the following rates per annum, and shall be payable as to principal (or mature) on November 1 in the following years in the following amounts:

<i><u>Maturity Date</u></i> <i><u>(November 1)</u></i>	<i><u>Principal</u></i> <i><u>Amount</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>
2008	\$ 60,000	4.000%
2009	60,000	4.000
2010	70,000	4.000
2011	75,000	4.000
2012	105,000	3.500
2013	115,000	3.600

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2014	120,000	3.650
2015	130,000	3.700
2016	140,000	3.750
2017	150,000	3.800
2020*	545,000	4.000
2023*	660,000	4.200
2025*	520,000	4.300
2027*	590,000	4.375
2032*	1,860,000	4.500
2037*	2,515,000	4.50

**Term Certificates*

Interest with respect to the Certificates shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(D) Principal and Interest Payments. The principal represented by or Redemption Price of the Certificates shall be payable to the Owner thereof, upon surrender thereof, by check at the Corporate Trust Office or, as provided in Section 2.4(E) (Book-Entry Provisions – Payments to Depository), by wire transfer to the depository. Interest represented by the Certificates shall be payable on November 1, 2008, and thereafter semiannually on May 1 and November 1 of each year by check mailed or, as provided in Section 2.4(E) (Book-Entry Provisions – Payments to Depository) and upon the written request of any Owner of \$1,000,000 or more in aggregate amount of principal represented by Certificates who has provided the Trustee with wire transfer instructions, by wire transfer to an account within the United States on each Interest Payment Date to the Owner thereof as of the close of business on the Regular Record Date.

Section 2.3. Execution. The Certificates shall be manually executed by an officer of the Trustee. In case any of the officers who shall have signed any of the Certificates shall cease to be such officer or officers of the Trustee before the Certificates so signed shall have been delivered by the Trustee, such Certificates may nevertheless be delivered and, upon such delivery shall be as binding as though those who signed the same had continued to be such officers of the Trustee. Any Certificate may be signed on behalf of the Trustee by a person who as of the actual date of execution of the Certificate is a proper officer of the Trustee even though as of the nominal date of the Certificate such person was not an officer of the Trustee.

Section 2.4. Book-Entry Provisions. Notwithstanding any provision of this Trust Agreement to the contrary:

(A) Limitations on Transfer. The Certificates shall be initially registered as provided in Section 2.2 (Terms and Form of Certificates). Registered ownership of the Certificates, or any portions thereof, may not thereafter be transferred except:

(1) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection (A) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository not objected to by the Trustee, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the County that The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository if no substitute depository that is not objected to by the Trustee can be obtained, or (b) a determination by the County that it is in the best interests of the County to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Certificates. In the case of any transfer pursuant to clause (1) or clause (2) of subsection 2.4(A) (Book-Entry Provisions – Limitations on Transfer) hereof, upon receipt of all Outstanding Certificates by the Trustee, together with a Statement of the County to the Trustee, a single new Certificate shall be executed and delivered for each maturity of the Certificates in the aggregate principal amount of the Certificates of such maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the County. In the case of any transfer pursuant to clause (3) of subsection 2.4(A) (Book-Entry Provisions – Limitations on Transfer) hereof, upon receipt of all outstanding Certificates by the Trustee together with a Certificate of the County to the Trustee, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the County, subject to the limitations of Section 2.6 (Registration, Transfer, and Exchange) hereof; provided the Trustee shall not be required to deliver such new Certificates within a period less than 60 days from the date of receipt of such a Certificate of the County.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Certificates evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) No Responsibility to Persons Other Than Owners. The County and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the County; and the County and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or

otherwise dealing with any beneficial owners of the Certificates. Neither the County nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Certificate.

(E) Payments to Depository. So long as all outstanding Certificates are registered in the name of "Cede & Co." or its registered assign, the County and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal, redemption premium, if any, and interest represented by the Certificates by arranging for payment to the account, at the time, in the manner, and to the address indicated in or pursuant to the Letter of Representations delivered to The Depository Trust Company by the County and the Trustee.

Section 2.5. Redemption of Certificates.

(A) General. The Certificates shall be subject to redemption as provided in Article 4 (Redemption of Certificates).

(B) Casualty Loss, Title Defect or Governmental Taking. The Certificates shall be subject to redemption prior to maturity as a whole on any date or in part (pro rata among maturities and at random within a maturity) on any Interest Payment Date, from prepaid Rental Payments made by the County from funds received by the County due to a casualty loss, material title defect, or governmental taking of the Demised Premises or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein and in the Facilities Lease, at a redemption price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for redemption, without premium.

(C) Optional Redemption. Certificates maturing on or after November 1, 2017, are subject to redemption prior to their respective stated maturities, at the option of the County, from any source of available funds, as a whole or in part (by such maturities as may be specified by the County and at random within a maturity) on any date on or after November 1, 2016, at a redemption price equal to the principal represented by the Certificates called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(D) Mandatory Sinking Account Redemption. The Certificates maturing on November 1, 2020, November 1, 2023, November 1, 2025, November 1, 2027, November 1, 2032, and November 1, 2037, shall be subject to redemption prior to their stated maturities, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Term Certificates optionally redeemed:

<u>2020 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2018	\$170,000
2019	180,000
2020*	195,000

<u>2023 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2021	\$205,000
2022	220,000
2023*	235,000

<u>2025 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2024	\$250,000
2025*	270,000

<u>2027 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2026	\$285,000
2027*	305,000

<u>2032 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2028	\$325,000
2029	350,000
2030	370,000
2031	395,000
2032*	420,000

<u>2037 Term Certificate</u>	
Mandatory Redemption Dates (November 1)	Principal Amount
2033	\$445,000
2034	475,000
2035	500,000
2036	530,000
2037*	565,000

* Maturity

Section 2.6. Registration, Transfer, and Exchange. The Trustee will keep or cause to be kept, at its Corporate Trust Office, a register (herein sometimes referred to as the "Certificate Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Certificates. The Certificate Register shall at all times be open to inspection during normal business hours by the County upon reasonable notice to the Trustee by the County.

Upon surrender of a Certificate for transfer at the Corporate Trust Office, the Trustee shall execute and deliver, in the name of the designated transferee or transferees, one or more new Certificates of the same tenor, and maturity and for an equivalent aggregate principal amount.

Certificates may be exchanged for an equivalent aggregate principal amount of Certificates of other authorized denominations of the same tenor, and maturity, upon surrender of the Certificates for exchange at the Corporate Trust Office. Upon surrender of Certificates for

exchange, the Trustee shall execute and deliver the Certificates that the Owner making the exchange is entitled to receive.

All Certificates surrendered upon any exchange or transfer provided for in this Trust Agreement shall be promptly cancelled by the Trustee and thereafter disposed of as provided for in Section 2.10 (Cancellation).

All Certificates delivered upon any transfer or exchange of Certificates shall be the valid obligations of the County, evidencing the same debt, and entitled to the same security and benefits under this Trust Agreement, as the Certificates surrendered upon such transfer or exchange.

Every Certificate presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Trustee, that is duly executed by the Owner or by his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Certificates, but the Trustee shall require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Trustee shall not be required to transfer or exchange (i) Certificates during the period established by the Trustee for the selection of Certificates for redemption or (ii) any Certificate that has been selected for redemption in whole or in part, except the unredeemed portion of such Certificate selected for redemption in part, from and after the day that such Certificate has been selected for redemption in whole or in part.

Section 2.7. Mutilated, Destroyed, Lost, or Stolen Certificates. If (i) any mutilated Certificate is surrendered to the Trustee, or the County receives evidence to its satisfaction of the destruction, loss, or theft of any Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to save the County and the Trustee harmless, the Trustee shall execute and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the execution of any new Certificate under this Section, the County may require payment of a sum sufficient to pay the cost of preparing such Certificate, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Certificate delivered pursuant to this Section in lieu of any destroyed, lost, or stolen Certificate shall constitute an original additional contractual obligation of the County, whether or not the destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Trust Agreement equally and ratably with all other Outstanding Certificates secured by this Trust Agreement. Neither the County nor the Trustee shall be required to treat both the new Certificate and the Certificate it replaces as being Outstanding for the purpose of determining the principal amount of Certificates that may be delivered hereunder, but both the new Certificate and the Certificate it replaces shall be treated as one and the same.

Section 2.8. Payment of Interest Represented by Certificates; Interest Rights Preserved. Interest represented by any Certificate that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owner thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Trust Agreement.

Any interest represented by any Certificate that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose name the Certificate is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee. In the name and at the expense of the County, the Trustee shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to each Owner of a Certificate at his address as it appears in the Certificate Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Certificate. Each such Certificate shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Section 2.9. Persons Deemed Owners. The County and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the County. The ownership of Certificates shall be proved by the Certificate Register. The Trustee may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

Section 2.10. Cancellation. All Certificates surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The County shall deliver to the Trustee for cancellation any Certificates acquired in any manner by the County, and the Trustee shall promptly cancel such Certificates.

No Certificate shall be executed in lieu of or in exchange for any Certificate cancelled as provided in this Section, except as expressly provided by this Trust Agreement. The Trustee shall destroy all cancelled Certificates.

Section 2.11. Validity of Certificates. The County hereby certifies that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in connection with the execution and delivery of the Certificates, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Trust Agreement, and that the Certificates delivered on the Closing Date, together with all other Certificates executed and delivered under the Trust Agreement, are

not in excess of the amount of Certificates permitted to be delivered under the Trust Agreement. The recital in the Certificates that they are delivered pursuant to the constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in their execution and delivery.

ARTICLE 3 APPLICATION OF PROCEEDS

Section 3.1. Application of Proceeds of Certificates. The proceeds of the sale of the Certificates that are received by the Trustee shall be set aside or transferred by the Trustee as follows:

- (1) The Trustee shall deposit in the Costs of Issuance Fund (created by Section 3.2 (Establishment and Application of Costs of Issuance Fund)) \$135,000.00.
- (2) The Trustee shall transfer to the County for deposit in the Construction Fund (created by Section 3.3 (Establishment and Application of Construction Fund)) \$7,432,890.40.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Section 3.2. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain, and hold a special fund designated as the "Costs of Issuance Fund." The Trustee shall apply the amounts in the Costs of Issuance Fund to the payment of the costs of issuance of the Certificates in accordance with the instructions contained in Requisitions submitted by the County in the form attached hereto as Exhibit B. Any amounts remaining in the Costs of Issuance Fund five (5) months following the Closing Date shall be transferred to the County for deposit into the Construction Fund.

Section 3.3. Establishment and Application of Construction Fund. The County shall establish and maintain a separate fund designated as the "Construction Fund." The County shall use the moneys in the Construction Fund to pay the costs of the Project (or reimbursing the County for such costs) and to pay Costs of Issuance of the Certificates. All earnings from the investment of moneys in the Construction Fund shall be deposited therein. Upon completion of the Project, the County shall transfer any amounts remaining in the Construction Fund to the Trustee for deposit in the Certificate Fund.

ARTICLE 4 REDEMPTION OF CERTIFICATES

Section 4.1. General Applicability of Article. Certificates that are redeemable before their respective stated maturities shall be redeemable in accordance with their terms and in accordance with this Article.

Section 4.2. Election to Redeem; Notice to Trustee. In the case of any redemption at the election of the County of less than all the Outstanding Certificates, the County shall, at least 45 days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the

Trustee, in the sole discretion of the Trustee) notify the Trustee of such redemption date and of the principal amount of Certificates to be redeemed.

Section 4.3. Selection by Trustee of Certificates to be Redeemed. If less than all the Outstanding Certificates of any maturity are to be redeemed, not more than 60 days prior to the redemption date the Trustee shall select the particular Certificates to be redeemed (in whole or in part) from the Outstanding Certificates that have not previously been called for redemption, in minimum denominations of \$5,000, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each \$5,000 portion of a Certificate shall be deemed to be a separate Certificate.

The Trustee shall promptly notify the County in writing of the Certificates so selected for redemption and, in the case of a Certificate selected for partial redemption, the principal amount represented thereby to be redeemed.

For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Certificates shall relate, in the case of any Certificate redeemed or to be redeemed only in part, to the portion of the principal represented by such Certificate that has been or is to be redeemed.

Section 4.4. Notice of Redemption. Notice of redemption shall be mailed (first class postage prepaid) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of any Certificates designated for redemption at their addresses appearing on the Certificate Register, (ii) the Securities Depositories (if the Certificates are not then in book-entry form), and (iii) the Information Service. Notice of redemption to the Securities Depositories shall be given by registered or overnight mail.

Each notice of redemption shall state the date of such notice, the date of issue of the Certificates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Certificates of such maturity to be redeemed and, in the case of Certificates to be redeemed in part only, the respective portions of the principal amount represented thereby to be redeemed.

Each notice of optional redemption shall either (a) explicitly state that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay in full the redemption price of the Certificates or portions thereof to be redeemed or (b) be sent only if sufficient money to pay in full the redemption price of the Certificates or portions thereof to be redeemed is on deposit in the Redemption Fund.

Each such notice shall also state that on the redemption date there will become due and payable on each of said Certificates the Redemption Price thereof or of said specified portion of the principal amount represented thereby in the case of a Certificate to be redeemed in part only, together with interest represented thereby accrued to the date fixed for redemption, and that from and after such redemption date interest represented thereby shall cease to accrue, and shall

require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Neither the County nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Certificate or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the County nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to the Information Service or one or more of the Securities Depositories or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Certificates designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

Section 4.5. Deposit of Redemption Price. Prior to any date fixed for redemption of Certificates, the County shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Certificates that are to be redeemed on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price.

Section 4.6. Certificates Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Certificates so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Certificates so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest represented by such Certificates shall cease to accrue, (iii) such Certificates shall cease to be entitled to any benefit or security under this Trust Agreement, and (iv) the Owners of such Certificates shall have no rights in respect thereof except to receive payment of said Redemption Price. Upon surrender of any such Certificate for redemption in accordance with said notice, such Certificate shall be paid by Trustee at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable to the Owners of the Certificates on the relevant Record Dates according to the terms of such Certificates and the provisions of Section 2.8 (Payment of Interest Represented by Certificates; Interest Rights Preserved).

Section 4.7. Certificates Redeemed in Part. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the County, a new Certificate or Certificates of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered.

ARTICLE 5 DEFEASANCE

Section 5.1. Discharge of Trust Agreement.

(A) Payment of Certificates. Any Certificate may be paid in any of the following ways:

(1) by paying or causing to be paid the principal and interest represented by the Certificate, as and when the same become due and payable;

(2) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem the Certificate; or

(3) by delivering the Certificate to the Trustee for cancellation.

(B) Consequence of Payment of All Certificates. If all Certificates that are Outstanding have been paid and the County has also paid or caused to be paid all other sums payable hereunder and under the Facilities Lease by the County (including any Policy Costs in accordance with the requirements of Subsection 4.8(A)(1) (Additional Payments – Reserve Facility Reimbursement) of the Facilities Lease), then and in that case, at the election of the County, evidenced by a Statement of the County filed with the Trustee signifying the intention of the County to discharge all such obligations and this Trust Agreement, and notwithstanding that any Certificates shall not have been surrendered for payment, this Trust Agreement, the pledge of assets made hereunder, all covenants and agreements and other obligations of the County under this Trust Agreement, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of Certificates as provided in Section 2.6 (Registration, Transfer, and Exchange) and rights to payment from moneys deposited with the Trustee as provided in Section 5.2 (Discharge of Liability on Certificates)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Trust Agreement, the obligations to the Trustee under Section 9.7 (Compensation and Indemnification of Trustee), the provisions of Section 9.9 (Removal and Resignation; Appointment of Successor), and the covenants of the County to preserve the exclusion of interest represented by the Certificates from gross income for federal income tax purposes contained in Section 7.8 (Federal Income Tax Covenants) shall survive.

(C) Delivery of Excess Funds. In such event, upon Request of the County, the Trustee shall cause an accounting for such period or periods as may be requested by the County to be prepared and filed with the County and shall execute and deliver to the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the County all moneys or securities or other property held by it pursuant to this Trust Agreement that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from an independent certified public accountant, are not required for the payment or redemption of Certificates not theretofore surrendered for such payment or redemption; subject to the provisions of Section 7.8 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

(D) Notice of Defeasance. If moneys or Defeasance Securities are deposited with and held by the Trustee as provided above, the Trustee shall within thirty (30) days after such money or Defeasance Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.6 (Registration, Transfer, and Exchange) hereof, (a) setting forth the maturity date or date fixed for prepayment, as the case may be, of the Certificates, (b) giving a

description of the Defeasance Securities, if any, so held by it, and (c) stating that this Trust Agreement has been discharged in accordance with the provisions of this Section.

Section 5.2. Discharge of Liability on Certificates. Upon the deposit with the Trustee, escrow agent, or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem any Outstanding Certificate (whether upon or prior to its maturity or the redemption date of such Certificate), provided that, if such Certificate is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article 4 (Redemption of Certificates) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the County in respect of such Certificate shall cease, terminate, and be completely discharged, except that thereafter (i) the Owner thereof shall be entitled to payment of the principal and interest represented by such Certificate and premium, if any, thereon by the County and the County shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 5.4 (Payment of Certificates After Discharge of Trust Agreement) and (ii) the Owner thereof shall retain its rights of transfer or exchange of Certificates as provided in Section 2.6 (Registration, Transfer, and Exchange).

The County may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the County may have acquired in any manner whatsoever, and such Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 5.3. Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Certificates, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement and shall be:

(A) Cash. Lawful money of the United States of America in an amount equal to all unpaid principal and interest represented by such Certificates to maturity, except that, in the case of Certificates that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article 4 (Redemption of Certificates) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be all unpaid principal and interest represented by the Certificates to the redemption date and any redemption premium thereon; or

(B) Defeasance Securities. Defeasance Securities the principal of and interest on which when due will, in the opinion of an independent (and nationally recognized, if the Certificates are being advance refunded) certified public accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal and all unpaid interest to maturity, or to the redemption date, as the case may be, represented by (and any redemption premium on) the Certificates to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Certificates that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article 4 (Redemption of Certificates) provided or provision satisfactory to the

Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Trust Agreement or by Request of the County) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Certificates.

If a forward supply contract is employed in connection with a defeasance of Certificates, (1) the verification report shall expressly state that the adequacy of the escrow to accomplish the defeasance relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (2) the applicable escrow agreement shall provide that, in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

Section 5.4. Payment of Certificates After Discharge of Trust Agreement. Any moneys held by the Trustee in trust for the payment of the principal or interest represented by (or redemption premium on) any Certificates and remaining unclaimed for two years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for redemption as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall, upon Request of the County, be repaid to the County free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that, before the repayment of such moneys to the County as aforesaid, the Trustee may (at the cost of the County) first mail to the Owners of any Certificates remaining unpaid at the addresses shown on the Certificate Register a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal, premium, or interest represented by Certificates, whether at redemption, acceleration, or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the County) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the County and shall be deposited monthly by the Trustee into the Certificate Fund.

ARTICLE 6 RENTAL PAYMENTS

Section 6.1. Assignment of Rights Under the Facilities Lease and Ground Lease to Trustee; Enforcement of Obligations.

(A) Assignment. The Corporation hereby unconditionally transfers, assigns, and sets over to the Trustee for the benefit of the Owners, without recourse, (1) all of the Rental Payments and any and all rights, privileges, title and interest it has to and under the Facilities Lease (excepting only the Corporation's rights under Section 4.8 (Additional Payments) to receive reimbursement for costs it has incurred and Section 6.9 (Corporation Not Liable; Indemnification of the Corporation) of the Facilities Lease), including, without limitation, the

right to collect and receive directly all of such Rental Payments and the right to hold and enforce any security interest created thereunder, and any such Rental Payments collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Corporation as the agent of the Trustee, and shall forthwith be paid by the Corporation to the Trustee, and (2) all of its right, title, and interest in the Ground Lease.

(B) Actions of Trustee. The Trustee shall take all steps, actions, and proceedings required to be taken, as provided in any Opinion of Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Owners of the Certificates the Trustee's rights in and priority to the following security granted to it for the payment of the Certificates: the Trustee's rights as assignee of the Rental Payments under the Facilities Lease and as beneficiary of any other rights to security for the Certificates that the Trustee may receive in the future.

(C) Absolute Assignment. The parties hereto intend that the assignment of rights, title and interests in the Facilities Lease and the Ground Lease to the Trustee described in subsection (A) above be construed as an absolute assignment. To that end, the Corporation warrants that (1) its assignment hereunder is made in consideration of the payments and deposits of funds made hereunder, which represent the fair market value of the rights assigned; (b) the Corporation, for financial accounting purposes, will not account for any of the Rental Payments as its revenue or income; and (c) the Corporation has no equity or other interest in the Trustee and does not control the Trustee.

Section 6.2. Pledge of Rental Payments; Certificate Fund.

(A) Acceptance of Assignment. The Trustee hereby accepts the assignment set forth in Section 6.1 (Assignment of Rights Under the Facilities Lease and Ground Lease to Trustee; Enforcement of Obligations) hereof. The Trustee shall hold all Rental Payments in trust for the benefit of the Owners from time to time of the Certificates. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Rental Payments and all amounts (including proceeds of the Certificates) held by the Trustee in any fund or account established hereunder (except for amounts held in the Rebate Fund) are hereby pledged to secure the payment of the principal and interest represented by the Certificates in accordance with their terms and the provisions of this Trust Agreement. Said pledge shall constitute a first lien on the Rental Payments and amounts in such funds and shall be valid and binding from and after delivery by the Trustee of the Certificates, without any physical delivery thereof or further act. The pledge herein made shall be irrevocable until all of the Certificates are no longer Outstanding.

(B) Deposit of Rental Payments. The Trustee shall forthwith deposit the Rental Payments into a trust fund, designated as the "Certificate Fund," which fund the Trustee shall establish and maintain, when and as received by the Trustee. All moneys at any time held in the Certificate Fund shall be held in trust for the benefit of the Owners of the Certificates and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in subsection (C) (Certificate Reserve Fund Replenishment) and Section 6.3 (Allocation of Rental Payments).

(C) Certificate Reserve Fund Replenishment. If the Certificate Reserve Fund has been drawn upon as a result of a delinquency in the payment of Rental Payments, the Trustee

shall transfer the delinquent Rental Payments thereafter received to the Certificate Reserve Fund to replenish the amount therein to the Certificate Reserve Requirement as provided in Section 6.6(C) (Replenishment of Certificate Reserve Fund).

Section 6.3. Allocation of Rental Payments.

(A) Allocations for Certificate Payments. So long as any Certificates are Outstanding, the Trustee shall set aside the moneys in the Certificate Fund in the following respective funds or accounts (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Certificates) in the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

(1) Interest Fund. On each Interest Payment Date, commencing May 1, 2008, the Trustee shall set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable with respect to the Outstanding Certificates on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Certificates delivered hereunder and then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Certificates or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

(2) Principal Fund; Sinking Accounts. On each Principal Payment Date, commencing November 1, 2008, the Trustee shall deposit in the Principal Fund an amount equal to (a) the aggregate amount of principal becoming due and payable with respect to the Outstanding Serial Certificates plus (b) the aggregate amount of the Mandatory Sinking Account Payments to be paid on such date into the respective Sinking Accounts for the Term Certificates. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal represented by all Serial Certificates delivered hereunder and then Outstanding and maturing by their terms on such Principal Payment Date plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made on such Principal Payment Date, but less any amounts deposited into the Principal Fund during the preceding twelve-month period and theretofore paid from the Principal Fund to redeem or purchase Term Certificates during such twelve-month period.

(3) Redemption Fund. The Trustee, on the date specified in a Written Request of the County filed with the Trustee, at the time that any prepaid Rental Payment is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Rental Payments designated as prepaid Rental Payments. Except as provided in Section 7.8 (Federal Income Tax Covenants) hereof, moneys in the

Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and the redemption premiums, if any, of and principal represented by the Certificates to be prepaid.

(B) Surplus Amounts. Any moneys remaining in the Certificate Fund after the foregoing transfers described in (1), (2), and (3) of Subsection (A) above shall be deposited, in order of priority, (i) into the Certificate Reserve Fund to the extent that the amount therein is less than the Certificate Reserve Requirement and shall be applied in accordance with Section 6.6(C) (Replenishment of Certificate Reserve Fund), and (ii) into the Rebate Fund if so directed by the County. Amounts not required to be so deposited shall be transferred on the same Business Day to the County, except that any amounts representing delinquent Rental Payments and any proceeds of rental abatement insurance shall remain on deposit in the Certificate Fund. The County may use and apply any moneys when received by it for any lawful purpose of the County, including the redemption of Certificates upon the terms and conditions set forth herein and the purchase of Certificates as and when and at such prices as it may determine.

Section 6.4. Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest represented by the Certificates as it shall become due and payable (including accrued interest represented by any Certificates purchased or redeemed prior to maturity pursuant to this Trust Agreement) as provided in Section 2.2 (Terms and Form of Certificates).

Section 6.5. Application of Principal Fund.

(A) Use of Amounts in Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal represented by the Certificates when due and payable, except that all amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay Certificates at maturity, as provided herein.

(B) Sinking Accounts. The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Certificates of each maturity, designated as the " Sinking Account," inserting therein the maturity designation of such Certificates. On any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Certificates of such maturity for which such Sinking Account was established, upon the notice and in the manner provided herein; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the County, apply moneys in such Sinking Account to the purchase (in whole or in part) of Term Certificates of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the County, except that the purchase price (excluding accrued interest) shall not exceed the principal amount represented thereby. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Certificates of such maturity with

moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the County has deposited Term Certificates of such maturity with the Trustee, or Term Certificates of such maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Certificates so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount represented thereby, to reduce said Mandatory Sinking Account Payment.

Any amounts remaining in a Sinking Account when all of the Term Certificates for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the County to be used for any lawful purpose.

All Certificates purchased from a Sinking Account or deposited by the County with the Trustee in a twelve-month period ending November 1, shall be allocated first to the next succeeding Mandatory Sinking Account Payment for such maturity of Term Certificates, then as a credit against such future Mandatory Sinking Account Payments for such maturity of Term Certificates as may be specified in a Request of the County. All Term Certificates redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such maturity of Term Certificates as may be specified in a Request of the County.

Section 6.6. Funding and Application of Certificate Reserve Fund.

(A) Funding of the Certificate Reserve Fund. The Trustee shall establish and maintain a separate fund designated as the "Certificate Reserve Fund." On the Closing Date, there shall be credited to the Certificate Reserve Fund the Reserve Policy, which shall be in the amount of the Certificate Reserve Requirement.

(B) Substitution of Cash. Provided that there are no outstanding and unpaid Policy Costs, the County may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Certificate Reserve Requirement.

(C) Replenishment of Certificate Reserve Fund. Except as otherwise provided in this Section, upon the occurrence of any deficiency in the Certificate Reserve Fund, the Trustee shall deposit therein, as soon as possible in each month, until the balance in the Certificate Reserve Fund is at least equal to the Certificate Reserve Requirement: (1) one-fourth (1/4) of the aggregate amount of any deficiency due to any required valuations of the investments in the Certificate Reserve Fund, from amounts received pursuant to Subsection 4.8(A)(2) (Additional Payments – Certificate Reserve Fund Valuation Deficiencies) of the Facilities Lease, and (2) one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from the Certificate Reserve Fund from amounts received pursuant to Subsection 4.8(A)(1) (Additional Payments – Reserve Facility Reimbursement) of the Facilities Lease.

(D) Letter of Credit.

(1) Provided that there are no outstanding and unpaid Policy Costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (C) herein, or in replacement of moneys then on deposit in the Certificate Reserve Fund (which shall be transferred by the Trustee to the County), the County may

deliver to the Trustee an unconditional, irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Standard & Poor's, in an amount, together with moneys, Investment Securities, or other Reserve Facilities (as described in subsection (E)) on deposit in the Certificate Reserve Fund, equal to the Certificate Reserve Requirement.

(2) Such letter of credit shall have a term no less than three (3) years or, if less, the maturity of the Certificates. The letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest with respect to the Certificates. The draws shall be payable within two days of presentation of the sight draft. If a drawing is made on the letter of credit, the County shall make such payments as may be required by the terms of the letter of credit or any obligations related thereto (but no less than quarterly pro rata payments) so that the letter of credit shall, absent the delivery to the Trustee of another Reserve Facility satisfying the requirements contained in subsection (E) of this Section or the deposit in the Certificate Reserve Fund of an amount sufficient to increase the balance in the Certificate Reserve Fund to the Certificate Reserve Requirement, be reinstated in the amount of such drawing within one year of the date of such drawing.

(3) The issuer of the letter of credit shall be required to notify the County and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If the notice indicates that the expiration date shall not be extended, the County shall deposit in the Certificate Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Certificate Reserve Fund together with any other Reserve Facilities, to equal the Certificate Reserve Requirement, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the Reserve Facility is replaced by a Reserve Facility meeting the requirements of this Section. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Certificate Reserve Fund is fully funded in its required amount.

(E) Other Reserve Facility. Provided that there are no outstanding and unpaid Policy Costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (C) herein, or in replacement of moneys then on deposit in the Certificate Reserve Fund (which shall be transferred by the Trustee to the County), the County may also deliver to the Trustee an insurance policy, surety bond, or other Reserve Facility securing an amount, together with moneys, Investment Securities or other Reserve Facilities on deposit in the Certificate Reserve Fund, no less than the Certificate Reserve Requirement.

If the insurance policy or surety bond is issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service with respect to the Certificates (a "municipal bond insurer"), the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by Standard & Poor's or Moody's, respectively.

If the insurance policy or surety bond is issued by an entity other than a municipal bond insurer, the form and substance of such instrument and the issuer thereof shall be approved by the Insurer.

Such Reserve Facility shall have a term of no less than the maturity of the Certificates in connection with which such Reserve Facility was obtained. If such Reserve Facility for any reason lapses or expires, the County shall immediately (i) deliver to the Trustee a letter of credit satisfying the requirements of subsection (D), (ii) deliver to the Trustee a Reserve Facility satisfying the requirements of this subsection (E), or (iii) make the required deposits to the Certificate Reserve Fund.

(F) Opinion Prerequisite. The use of any Reserve Facility pursuant to this Section shall be subject to receipt of an opinion of bond counsel acceptable to the Insurer and in form and substance satisfactory to the Insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, if the issuer of such Reserve Facility is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Insurer. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to the Insurer and in form and substance satisfactory to the Insurer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the County (or any other account party under the letter of credit).

(G) Replacement of Reserve Facility. If (a) the revolving reinstatement feature of the Reserve Facility is suspended or terminated, or (b) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below a Standard & Poor's "AAA" or a Moody's "Aaa," or (c) the rating of the issuer of the letter of credit falls below a Standard & Poor's "AA," the County shall either (i) deposit into the Certificate Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Certificate Reserve Fund to equal the Certificate Reserve Requirement, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually, or (ii) replace such instrument with a Reserve Facility meeting the requirements of this Section within six months of such occurrence. If (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A," or (b) the rating of the issuer of the letter of credit falls below "A," or (c) the issuer of the Reserve Facility defaults in its payment obligations, or (d) the issuer of the Reserve Facility becomes insolvent, the County shall either (i) deposit into the Certificate Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Certificate Reserve Fund to equal the Certificate Reserve Requirement, such amount to be paid over the ensuing year in equal installments on at least a monthly basis, or (ii) replace such instrument with a Reserve Facility meeting the requirements of this Section above within six months of such occurrence.

(H) Use of Amounts in Certificate Reserve Fund.

(1) Payment of Debt Service Deficiencies. All amounts in the Certificate Reserve Fund (including all amounts that may be obtained from Reserve Facilities on deposit in the Certificate Reserve Fund) shall be used and withdrawn by the Trustee, as

hereinafter provided, solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Certificates then Outstanding, or for the payment of the final principal and interest payment with respect to the Certificates if following such payment the amounts in the Certificate Reserve Fund (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Certificate Reserve Requirement.

The Trustee shall ascertain the necessity for a claim or draw upon a Reserve Facility and shall provide notice to the issuer of the Reserve Facility in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Facility) prior to each Interest Payment Date; provided that such notice shall be given two Business Days prior to each Interest Payment Date in the case of the Reserve Policy..

The Trustee shall first draw on the portion of the Certificate Reserve Fund held in cash or Investment Securities and then, on a pro rata basis with respect to amounts held in the form of Reserve Facilities (calculated by reference to the maximum amount available under such Reserve Facilities), draw on or collect under each Reserve Facility issued with respect to the Certificate Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal and interest represented by the Certificates when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. If the Trustee has notice that any payment of principal or interest represented by a Certificate has been recovered from a Certificateowner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facility, if any, securing the Certificates so provide, shall so notify the issuer thereof and draw on or collect under such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Owners the principal and interest so recovered. If and to the extent that the Certificate Reserve Requirement is satisfied by a deposit of cash or Investment Securities and one or more Reserve Facilities (or any combination thereof), the Trustee shall first draw on the portion of the Certificate Reserve Fund held in cash or Investment Securities and then make drawings on or collect under such Reserve Facilities on a pro rata basis (calculated by reference to the maximum amounts of such Reserve Facilities).

(3) Reimbursement of Draws on Reserve Facilities. Any Reserve Facility shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If a drawing is made on a Reserve Facility, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the County following such draw first to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall, absent the delivery to the Trustee of a substitute Reserve Facility satisfying the requirements of this Section or the deposit in the Certificate Reserve Fund

of an amount sufficient to increase the balance in the Certificate Reserve Fund to the Certificate Reserve Requirement, be reinstated in the amount of such drawing within one year of the date of such drawing. The Trustee shall make such payments of Policy Costs and reimbursements of amounts due under other Reserve Facilities on a pro rata basis (calculated by reference to the maximum amounts available under such Reserve Facilities). After such reinstatement, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the County for the replenishment of the portion of Certificate Reserve Fund held in cash or Investment Securities.

The obligation to reimburse the issuer of a Reserve Facility for any fees, expenses, claims or draws upon such Reserve Facility shall be subordinate to the payment of debt service represented by the Certificates. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Facility to reimbursement will be further subordinated to cash replenishment of the Certificate Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Facility and the amount then available for further draws or claims. If (a) the issuer of a Reserve Facility becomes insolvent, or (b) the issuer of a Reserve Facility defaults in its payment obligations thereunder, or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a Standard & Poor's "AA" or a Moody's "Aaa," or (d) the rating of the issuer of the letter of credit falls below a Standard & Poor's "AAA," the obligation to reimburse the issuer of the Reserve Facility shall be subordinate to the cash replenishment of the Certificate Reserve Fund.

(I) Transfer of Excess Amounts. Any amounts in the Certificate Reserve Fund in excess of the Certificate Reserve Requirement (as calculated by the County) shall be transferred by the Trustee to the County on the last Business Day of June and December of each year; provided that such amounts shall be transferred only from the portion of the Certificate Reserve Fund held in the form of cash or Investment Securities and further provided that the County is not then in default hereunder.

(J) Security for Payment of Policy Costs. If the County shall fail to pay any Policy Costs in accordance with the requirements of Subsection 4.8(A)(1) (Additional Payments – Reserve Facility Reimbursement) of the Facilities Lease, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Trust Agreement, other than remedies that would adversely affect the Owners. The Corporation's obligation to pay such amounts shall survive payment in full of the Certificates. As security for the County's repayment obligations with respect to the Reserve Policy, the Insurer is hereby granted a security interest in all revenues and collateral that are pledged as security for the Certificates pursuant to Section 6.2 (Pledge of Rental Payments, Certificate Fund) hereof, subordinate only to such pledge.

Section 6.7. Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the County with the Trustee for the purpose of redeeming Certificates shall, unless otherwise directed by the County, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Certificates, in the manner, at the times and upon the terms and conditions specified

herein; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the County, apply such amounts to the purchase of Certificates at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as is directed by the County, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price then applicable to such Certificates. All Term Certificates purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such maturity of Term Certificates as may be specified in a Request of the County.

Section 6.8. Rebate Fund. The Trustee shall establish and maintain a fund designated as the "Rebate Fund" separate from any other fund held by the Trustee. The Trustee shall deposit moneys into and disburse moneys from the Rebate Fund pursuant to written instructions from the County. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the instructions of the County, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the County, the Trustee shall not be required to take any action with respect to the Rebate Fund or the Tax Certificate and shall have no liability or responsibility to enforce compliance by the County with the terms of the Tax Certificate.

Section 6.9. Investment of Moneys in Funds and Accounts.

(A) **Investment in Investment Securities.** All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Trust Agreement shall be invested solely as directed by the County, solely in Investment Securities. All Investment Securities shall, as directed by the County in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations set forth in Section 7.8 (**Federal Income Tax Covenants**), the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the County and not inconsistent with the duties of the Trustee under this Trust Agreement. If and to the extent the Trustee does not receive investment instructions from the County with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Trust Agreement, such moneys shall be invested in Investment Securities described in clause (4) (**Money Market Funds**) of the definition thereof.

(B) **Maturity of Investments.** Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements. Moneys in the Certificate Reserve Fund shall be invested in Investment Securities maturing within five years of the date of such investment, but in no event later than the final maturity of the Certificates, or, in the case of Investment Agreements, available by the terms thereof for withdrawal at the times and for the purposes required for the application of funds in the Certificate Reserve Fund. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

(C) Deposit of Earnings. All interest, profits, and other income received from the investment of moneys in any fund or account held by the Trustee hereunder, other than the Costs of Issuance Fund, the Construction Fund, the Certificate Reserve Fund, and the Rebate Fund, shall be transferred to the Certificate Fund when received. All interest, profits, and other income received from the investment of moneys in the Costs of Issuance Fund, the Construction Fund, and the Certificate Reserve Fund shall be deposited therein. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as otherwise directed by the County in accordance with Section 6.8 (Rebate Fund). Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

(D) Valuation. All Investment Securities credited to the Certificate Reserve Fund shall be valued as of each Rental Payment Date at the market value thereof (exclusive of accrued interest) determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Trustee in its discretion, including such pricing services as may be available to the Trustee within the Trustee's regular accounting system.

(E) Accounting; Acquisition and Disposition. The Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee and its affiliates may act as sponsor, advisor, depository, principal, or agent in the making or disposing of any investment and, with the prior written consent of the County, may impose its customary charge therefor. The County acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the County the right to receive brokerage confirmations or security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Trustee may sell at the best price reasonably obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 6.10. Funds and Accounts. Any fund required by this Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 6.11. Money Held for Particular Certificates. The money held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to particular Certificates (or portions of Certificates in the case of Certificates redeemed in part

only) shall, on and after such date and pending such payment, be set aside on its books and held uninvested in trust by it for the Owners of the Certificates entitled thereto, subject, however, to the provisions of Section 5.4 (Payment of Certificates After Discharge of Trust Agreement).

ARTICLE 7 COVENANTS OF THE COUNTY AND THE CORPORATION

Section 7.1. Power to Execute Trust Agreement. The County is duly authorized pursuant to law to enter into the Trust Agreement and authorize the execution and delivery of the Certificates by the Trustee and to pledge and assign the Rental Payments and other assets purported to be pledged and assigned, respectively, under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The provisions of this Trust Agreement are and will be the valid and binding limited obligations of the County in accordance with their terms.

Section 7.2. Limitations on Liens on the Rental Payments. The County will not create any pledge, lien, or charge upon any of the Rental Payments pledged hereunder having priority over or having parity with the lien of the Trustee for the benefit of the Certificate Owners while any of the Certificates are Outstanding.

Section 7.3. Punctual Payment of Rental Payments. The County and the Corporation will faithfully comply with, keep, observe, and perform all the agreements, conditions, covenants, and terms contained in the Facilities Lease that are required to be complied with, kept, observed, and performed by it. In particular, the County will punctually pay or cause to be paid the Rental Payments in strict conformity with the terms of the Facilities Lease, according to the true intent and meaning thereof.

Section 7.4. Amendment of Ground Lease and Facilities Lease. The County and the Trustee, as assignee of the Corporation, will not alter, amend, or modify the Ground Lease or the Facilities Lease unless (i) the Trustee receives an Opinion of Counsel that states that such alterations, amendments, or modifications will not result in any material impairment of the security given or intended to be given for the payment of the Rental Payments, or (ii) the Trustee first obtains the written consents of the Owners of at least sixty per cent (60%) in aggregate principal amount represented by the Certificates then Outstanding to such alterations, amendments, or modifications; provided that the County and the Trustee, as assignee of the Corporation, without such Opinion or consent, alter, amend or modify the Ground Lease and the Facilities Lease, but only to the extent permitted by law and only for one or more of the following purposes:

(A) to accommodate any substitution of property in accordance with Section 3.4 (Substitution, Addition or Deletion) of the Facilities Lease;

(B) to modify the legal description of the Demised Premises to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included in the Ground Lease and Facilities Lease;

(C) to obligate the County to pay additional amounts of rental under the Facilities Lease for the use and occupancy of the Demised Premises, provided that (i) such additional amounts of rental do not cause the total rental payments made by the County thereunder to exceed the fair rental value of the Demised Premises, as set forth in a Statement of the County filed with the Trustee, (ii) the County shall have obtained and filed with the Trustee an appraisal of the Demised Premises showing that the estimated fair market value thereof is not less than the aggregate unpaid principal components of the Rental Payments and the aggregate principal components of such additional amounts of rental, and (iii) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which were or shall be applied to finance the construction or acquisition of land, Demised Premises or other improvements that are authorized pursuant to the California Education Code.

Section 7.5. Extension of Time for Payment of Certificates. The County will not directly or indirectly extend or assent to the extension of the maturity of any of the Certificates or the time of payment of any of the claims for interest by the purchase or funding of such Certificates or claims for interest or by any other arrangement. If the maturity of any of the Certificates or the time of payment of any such claims for interest shall be extended, such Certificates or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal represented by all of the Certificates then Outstanding and of all claims for interest represented thereby that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the County to cause the delivery of Certificates for the purpose of refunding any Outstanding Certificates, and such delivery shall not be deemed to constitute an extension of maturity of Certificates.

Section 7.6. Preservation of Rights of Owners. The County and the Corporation shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Rental Payments and other assets and all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

Section 7.7. Waiver of Laws. The County will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Certificates, and all benefit or advantage of any such law or laws is hereby expressly waived by the County to the extent permitted by law.

Section 7.8. Federal Income Tax Covenants. The County shall at all times do and perform all acts and things permitted by law and this Trust Agreement that are necessary and desirable in order to assure that interest paid on the Certificates will be excludable from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excludable. Without limiting the generality of the foregoing, the County agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Certificates.

Section 7.9. Accounting Records and Financial Statements.

(A) Accounting Records. The County will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Rental Payments. Such books of record and account shall be available for inspection by the Trustee, upon request, at reasonable hours and under reasonable circumstances.

(B) Financial Statements. The County will furnish the Trustee, not later than April 15 of each year, the financial statements of the County for the prior Fiscal Year, together with (1) the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and (2) a Statement of the County certifying that, as of the date of such Statement, no event that constitutes an Event of Default or that with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing, or specifying the nature of such event and the actions taken and proposed to be taken by the County to cure such default. The Trustee shall have no responsibility to review any financial information provided pursuant to this Section.

Section 7.10. Further Assurances. The County will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and for the better assuring and confirming unto the Owners of the Certificates of the rights and benefits provided in this Trust Agreement.

Section 7.11. Continuing Disclosure. The County hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

**ARTICLE 8
EVENTS OF DEFAULT AND REMEDIES OF OWNERS**

Section 8.1. Events of Default. The following events shall be Events of Default:

(A) Payment Default. Default in the due and punctual payment of any Rental Payment when and as the same shall become due and payable;

(B) Breach of Covenant. Default by the County in the observance or performance of any covenant, condition, agreement, or provision in this Trust Agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the County by the Trustee or the Insurer, or for such additional time as is reasonably required to correct the same not in excess of a total of ninety (90) days; and

(C) Facilities Lease Default. An event of default as defined under the Facilities Lease.

In determining whether a default under Section 8.1(A) (Payment Default) has occurred, no effect shall be given to payments made under the Policy.

Notwithstanding Section 8.1(B) (Breach of Covenant), failure of the County to comply with the Continuing Disclosure Certificate (as required by Section 7.11 (Continuing Disclosure)) shall not be considered an Event of Default. Nevertheless, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the County to comply with its obligations under Section 7.11 (Continuing Disclosure).

Section 8.2. Remedies.

(A) Remedies Under the Facilities Lease. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding may, upon notice in writing to the County, exercise the remedies provided to the Corporation in the Facilities Lease; provided that nothing contained herein shall affect or impair the right of action of any Owner to institute suit directly against the County to enforce payment of the obligation evidenced and represented by such Owner's Certificate. Notwithstanding anything herein or in the Facilities Lease to the contrary, there shall be no right to accelerate the Rental Payments or the maturities of the Certificates, or otherwise to declare any Rental Payment or Certificate not then in default to be immediately due and payable.

(B) Other Remedies. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall have the right:

(1) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the County or any director, member, officer or employee thereof, and to compel the Corporation or the County or any such director, member, officer or employee to perform or carry out its or his or her duties under law and the agreements required to be performed by it or him or her contained herein;

(2) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee or any Owner; or

(3) by suit in equity upon the happening of any event hereunder to require the Corporation and the County and any directors, members, officers and employees thereof to account as the trustee of an express trust.

Section 8.3. Application of Money Collected.

(A) If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement (except as otherwise provided in this Trust Agreement) as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Certificates, including the costs and expenses of

the Trustee and the Owners in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Trust Agreement;

(2) To the payment of the whole amount of principal then due with respect to the Certificates (upon presentation of the Certificates to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement (including Section 7.5 (Extension of Time for Payment of Certificates)), with interest on such principal, at the rate or rates of interest with respect to the respective Certificates as follows:

(i) Unless the principal represented by all of the Certificates shall have become due and payable,

First: to the payment to the persons entitled thereto of all installments of interest then due in the order of their due dates, and, if the amount available shall not be sufficient to pay in full any installment or installments due on the same date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the persons entitled thereto of all unpaid principal represented by or Redemption Price of any Certificates that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the principal represented by the Certificates due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal represented by all of the Certificates shall have become due and payable, to the payment of the principal and interest then due and unpaid with respect to the Certificates, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(B) Any discretion of the Trustee to apply moneys following an Event of Default shall not permit the Trustee to fail to liquidate investment obligations in the Certificate Fund and Certificate Reserve Fund and apply amounts credited to such funds to the payment of debt service on any Payment Date.

Section 8.4. Trustee to Represent Owners. Upon the occurrence and continuance of an Event of Default, the Trustee, upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of principal represented by the Certificates then Outstanding (provided that, if more than one such request is received by the Trustee from Owners, the Trustee shall follow the written request executed by the Owners of the greatest percentage of principal represented by the Certificates then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus, or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Trust Agreement, or any applicable law.

Section 8.5. Restoration of Positions. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the County, the Trustee, and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the County, the Trustee, and the Owners shall continue as though no such proceedings had been taken.

Section 8.6. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Owners of the Certificates is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 8.7. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of the Certificates to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Trust Agreement or by law to the Trustee or to the Owners of the Certificates may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Section 8.8. Control by Owners. Anything in this Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate amount of principal represented by the Certificates then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Trust Agreement, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction that in the opinion of the

Trustee would be unjustly prejudicial to Owners not parties to such direction or might result in personal liability for the Trustee.

ARTICLE 9 THE TRUSTEE

Section 9.1. Appointment of Trustee. U.S. Bank National Association is hereby appointed as Trustee under this Trust Agreement and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Trust Agreement.

Section 9.2. Certain Duties and Responsibilities.

(A) When No Default is Continuing. Prior to an Event of Default, and after the curing of all Events of Default that may have occurred,

(1) Duties Limited to Those Specified. the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants shall be read into this Trust Agreement against the Trustee;

(2) Reliance on Documents. in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Trust Agreement.

(B) During Continuance of Default. During the existence of any Event of Default (that has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) Immunities of Trustee. No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or any lesser amount that may direct the Trustee under this Trust

Agreement) in aggregate principal amount represented by the Certificates at the time Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement; and

(4) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(D) Immunities Applicable to All Provisions of Trust Agreement. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 9 (The Trustee).

Section 9.3. Notice of Defaults. Within 45 days after the occurrence of any Event of Default hereunder, the Trustee shall transmit by mail to all Owners of Certificates as their names and addresses appear on the Certificate Register notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal (or premium, if any) or interest represented by any Certificate or in the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Owners; and provided further that in the case of any default of the character specified in Section 8.1(B) (Events of Default – Breach of Covenant) no such notice to Owners shall be given until at least 30 days after the occurrence thereof. For purposes of this Section, the term “default” means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 9.4. Certain Rights of Trustee; Liability of Trustee. Except as otherwise provided in Section 9.2 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine. The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, requisition, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) Documentation of County’s Directions. Any request or direction of the County mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the County;

(C) Reliance on County Statement. Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the

absence of bad faith on its part, rely upon a Statement of the County, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable;

(D) Reliance on Advice of Counsel. The Trustee may consult with counsel, including, without limitation, counsel of or to the County, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) Security for Costs. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article 8 (Events of Default and Remedies of Owners) hereof, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

(F) Investigation of Factual Matters. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the County, personally or by agent or attorney.

(G) Performance of Duties by Agents. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney-in-law or certified public accountant selected by it with due care.

(H) Knowledge of Event of Default. The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default other than an Event of Default described in Section 8.1(A) (Events of Default – Payment Default) unless a Responsible Officer of the Trustee shall have actual knowledge of such event.

Section 9.5. Trustee Not Responsible for Recitals, Validity of Certificates, or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Certificates contained shall be taken as statements of the County, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or of the Certificates, as to the sufficiency of the Rental Payments or the priority of the lien of this Trust Agreement thereon, or as to the financial or technical feasibility of any project and shall not incur any responsibility in respect of any such

matter, other than in connection with the duties or obligations expressly herein or in the Certificates assigned to or imposed upon it.

(B) Trustee Not Responsible for County's Use of Certain Moneys and Other Actions. The Trustee shall not be responsible for:

(1) the application or handling by the County of any moneys transferred to or pursuant to any Requisition or Request of the County in accordance with the terms and conditions hereof;

(2) the application and handling by the County of any fund or account designated to be held by the County hereunder;

(3) any error or omission by the County in making any computation or giving any instruction pursuant to the Tax Certificate and the Trustee may rely conclusively on any computations or instructions furnished to it by the County in connection with the requirements of the Tax Certificate;

(4) the construction, operation, or maintenance of any project or Demised Premises by the County.

Section 9.6. Trustee May Hold Certificates. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner of a Certificate may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement. The Trustee may in good faith hold any other form of indebtedness of the County, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the County and make disbursements for the County and enter into any commercial or business arrangement therewith, without limitation.

Section 9.7. Compensation and Indemnification of Trustee. As Additional Payments under the Facilities Lease, the County agrees

(A) Compensation. to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) Reimbursement. except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel (including internal counsel)), except any such expense, disbursement, or advance as be attributable to the Trustee's negligence or willful misconduct; and

(C) Indemnification. to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The rights of the Trustee and the obligations of the County under this Section shall survive the discharge of the Certificates and this Trust Agreement.

Section 9.8. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a federally chartered savings association or institution, trust company, or bank having the powers of a trust company authorized to do business in the State, having a combined capital, surplus, and undivided profits of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such federally chartered savings association or institution, bank, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purpose of this Section the combined capital and surplus of such federally chartered savings association or institution, bank, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

Section 9.9. Removal and Resignation; Appointment of Successor.

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.10 (Acceptance of Appointment by Successor).

(B) Trustee's Right to Resign. The Trustee may resign at any time by giving written notice of such resignation to the County and by giving the Owners notice of such resignation by mail at the addresses shown on the Certificate Register. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(C) County's Right to Remove Trustee. The County may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) Mandatory Removal of Trustee. The County shall remove the Trustee if at any time,

(1) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of principal represented by the Certificates then Outstanding (or their attorneys duly authorized in writing)

(2) the Trustee shall cease to be eligible in accordance with Section 9.8 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the County, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

in each case by giving written notice of such removal to the Trustee.

(E) Appointment of Successor. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the County shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the County and accepted appointment in the manner hereinafter provided within 30 days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument or instruments signed by the Holders of a majority in principal amount represented by the Certificates, appoint a successor Trustee, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(F) Performance of Duties by Chief Business Official. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Chief Business Official, or designee, of the County in trust for the benefit of the Owners.

(G) Notice of Removal or Resignation. The County shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as their names and addresses appear in the Certificate Register. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the County fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the County.

Section 9.10. Acceptance of Appointment by Successor. Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the County and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, powers, trusts, and duties of the predecessor Trustee; but, at the Request of the County or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the County shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, properties, rights, powers, trusts, and duties.

Section 9.11. Merger or Consolidation. Any company or entity into which the Trustee may be merged or converted or with which it may be consolidated or any company or entity resulting from any merger, conversion, or consolidation to which it shall be a party or any company or entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company or entity shall be eligible under Section 9.8 (Corporate Trustee Required; Eligibility), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. In case any Certificates shall have been executed, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such executing Trustee may adopt such execution and deliver the Certificates so executed with the same effect as if such successor Trustee had itself executed such Certificates.

Section 9.12. Preservation and Inspection of Documents. So long as any of the Certificates are Outstanding, all documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the County and any Owner, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

ARTICLE 10

MODIFICATION OR AMENDMENT OF THIS TRUST AGREEMENT

Section 10.1. Supplemental Trust Agreements Without Consent of Owners. This Trust Agreement and the rights and obligations of the County, of the Trustee, and of the Owners of the Certificates may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the County, the Corporation, and the Trustee may enter into without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the County contained in this Trust Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the County;

(B) Curative Provisions: to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision, contained in this Trust Agreement, or in regard to matters or questions arising under this Trust Agreement, or to make any other revisions or additions to this Trust Agreement as the County may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

(C) Trust Indenture Act Qualification: to modify, amend, or supplement this Trust Agreement in such manner as to permit the qualification hereof under the Trust Agreement Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

(D) Redemption Notification: to modify or supplement the procedures for giving notice of redemption of Certificates in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(E) Credit Enhancement: to make modifications or adjustments necessary, appropriate, or desirable to accommodate credit enhancements including letters of credit and insurance policies delivered with respect to the Certificate Reserve Fund;

(F) Book-Entry Modifications: to amend, modify, or eliminate the book-entry registration system for the Certificates;

(G) Preservation of Tax-Exemption: to make such provisions as are necessary or appropriate to ensure the exclusion of interest represented by the Certificates from gross income for purposes of federal income taxation; and

(H) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners of the Certificates.

Section 10.2. Supplemental Trust Agreements With Consent of Owners or Credit Enhancers.

(A) Majority Consent. This Trust Agreement and the rights and obligations of the County, the Owners of the Certificates, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the County, the Corporation, and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of principal represented by the Certificates then Outstanding shall have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Certificates of any particular maturity remain Outstanding, the consent of the Owners of such Certificates shall not be required and such Certificates shall not be deemed to be Outstanding for the purpose of any calculation of Certificates Outstanding under this Section.

(B) Consent of Credit Enhancer. This Trust Agreement and the rights and obligations of the County and of the Owners of the Certificates and of the Trustee may also be modified or amended at any time by a Supplemental Trust Agreement entered into by the County, the Corporation, and the Trustee, which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Certificates shall have been filed with the Trustee, provided that at such time the payment of all the principal and interest represented by all Outstanding Certificates shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's and Standard & Poor's.

(C) Limitations. No such modification or amendment shall (1) extend the fixed maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest represented thereby, or reduce any premium payable upon the

redemption thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Rental Payments and other assets pledged under this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Certificates of the lien created by this Trust Agreement on such assets (in each case, except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Certificates then Outstanding.

(D) Form of Consent. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

(E) Notice. Promptly after the execution and delivery by the Trustee, the Corporation, and the County of any Supplemental Trust Agreement pursuant to this Section, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement to the Owners of the Certificates at the addresses shown on the Certificate Register. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

Section 10.3. Execution of Supplemental Trust Agreements. In executing, or accepting the additional trusts created by, any Supplemental Trust Agreement permitted by this Article or the modification thereby of the trusts created by this Trust Agreement, the Trustee shall be entitled to receive, and, subject to Section 9.2 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Trust Agreement is authorized or permitted by this Trust Agreement. The Trustee may, but shall not be obligated to, enter into any such Supplemental Trust Agreement that affects the Trustee's own rights, duties, or immunities under this Trust Agreement or otherwise.

Section 10.4. Effect of Supplemental Trust Agreement. From and after the time any Supplemental Trust Agreement becomes effective pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Trust Agreement of the County, the Trustee, and all Owners of Certificates Outstanding shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 10.5. Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after any Supplemental Trust Agreement becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the County and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such execution and presentation of his Certificate for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Certificate. If the Supplemental Trust Agreement shall so provide, new Certificates so modified as to conform, in the opinion of the County and the Trustee, to any modification or amendment

contained in such Supplemental Trust Agreement, shall be prepared and executed by the Trustee and, upon demand of the Owners of any Certificates then Outstanding and upon surrender for cancellation of such Certificates, shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Certificates then Outstanding in equal aggregate principal amounts of the same tenor and maturity.

Section 10.6. Amendment of Particular Certificates. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

ARTICLE 11 MUNICIPAL BOND INSURANCE

Section 11.1. Rights of the Insurer. (A) Particular Rights of the Insurer. Unless the Policy is no longer in effect, or the Insurer asserts that the Policy is not in effect, or the Insurer is in default with respect to its payment obligations thereunder, or the Insurer shall have provided written notice that it waives its rights hereunder, the following provisions shall be in effect and shall govern, notwithstanding anything to the contrary set forth in this Trust Agreement:

(1) Insurer Deemed Owner. The Insurer shall be deemed to be the sole Owner of the Certificates insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Certificates insured by it are entitled to take pursuant to Article 8 (Events of Default and Remedies of Owners). The Insurer shall be entitled to (i) notify the County, the Trustee, or any applicable receiver of the occurrence of an Event of Default, and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the Certificates or the security therefor. The Trustee or receiver shall accept notice of default from the Insurer.

(2) Consent to Amendments; Notice of Amendments. Any amendment or supplement to the Trust Agreement, the Facilities Lease, or the Ground Lease shall be subject to the prior written consent of the Insurer, and notice and a copy thereof shall be sent to each rating agency then rating the Certificates at least fifteen (15) days prior to its execution or adoption.

(3) Third-Party Beneficiary. The Insurer shall be deemed a third-party beneficiary of this Trust Agreement.

Section 11.2. Payments Under the Policy. (A) If, on the third day preceding any Interest Payment Date, there is not on deposit with the Trustee sufficient moneys available to pay all principal and interest with respect to the Certificates due on such date, the Trustee shall immediately notify the Insurer and U.S. Bank Trust National Association, New York, New York, or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Insurer and to the Fiscal Agent the registration books for the Certificates maintained by the Trustee. In addition:

(1) The Trustee shall provide the Insurer with a list of the Owners entitled to receive principal or interest payments from the Insurer under the terms of the Policy and

shall make arrangements for the Insurer and its Fiscal Agent (1) to mail checks or drafts to Owners entitled to receive full or partial interest payments from the Insurer, and (2) to pay principal represented by the Certificates surrendered to the Fiscal Agent by the Owners entitled to receive full or partial principal payments from the Insurer; and

(2) The Trustee shall, at the time it makes the registration books available to the Insurer pursuant to (1) above, notify Owners entitled to receive the payment of principal or interest with respect to the Certificates from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Policy, (iii) that, except as provided in paragraph (B) below, in the event that any Owner is entitled to receive full payment of principal from the Insurer, such Owner must tender his Certificate with the instrument of transfer in the form provided on the Certificate executed in the name of the Insurer, and (iv) that, except as provided in paragraph (B) below, in the event that such Owner is entitled to receive partial payment of principal from the Insurer, such Owner must tender his Certificate for payment first to the Trustee, which shall note on such Certificate the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Owner subject to the terms of the Policy.

(B) In the event that the Trustee has notice that any payment of principal or interest with respect to a Certificate has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Insurer, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Insurer to the extent of such recovery, and the Trustee shall furnish to the Insurer its records evidencing the payments of principal and interest with respect to the Certificates that have been made by the Trustee and subsequently recovered from Owners, and the dates on which such payments were made.

(C) The Insurer shall, to the extent it makes payment of principal or interest with respect to the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Insurer of proof of the payment of interest with respect thereto to the Owners of such Certificates, and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books for the Certificates maintained by the Trustee upon receipt of proof of the payment of principal with respect thereto to the Owners of such Certificates. Notwithstanding anything in this authorizing document or the Certificates to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Insurer to the extent that the Insurer is a subrogee with respect thereto.

Section 11.3. Payments by County to the Insurer. The County shall pay or reimburse the Insurer any and all charges, fees, costs, and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security under this Trust Agreement, the Ground Lease, or the Facilities Lease, (ii) the

pursuit of any remedies under this Trust Agreement, the Ground Lease, or the Facilities Lease, or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action with respect to or related to this Trust Agreement, the Ground Lease, or the Facilities Lease, whether or not executed or completed, (iv) the violation by the County of any law, rule, or regulation, or any judgment, order, or decree applicable to it, (v) any advances or payments made by the Insurer to cure defaults of the County under this Trust Agreement, the Ground Lease or the Facilities Lease, or (vi) any litigation or other dispute in connection with this Trust Agreement, the Ground Lease, or the Facilities Lease, or the transactions contemplated hereby or thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Policy. The Insurer may charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of this Trust Agreement, the Ground Lease, or the Facilities Lease. The obligations of the County to the Insurer shall survive discharge and termination of the Facilities Lease.

Section 11.4. Delivery of Notices and Information to the Insurer. (A) Notices to be Provided by Trustee. While the Policy is in effect, the Trustee shall furnish to the Insurer:

(1) Notice of Default. Notice of any payment default within twenty-four hours and notice of any other default known to the Trustee within thirty (30) days after knowledge thereof.

(2) Draws on Certificate Reserve Fund; Valuation Deficiencies. (a) Notice of any draw upon the Certificate Reserve Fund other than (i) withdrawals of amounts in excess of the Certificate Reserve Requirement and (ii) withdrawals in connection with a refunding of Certificates and (b) notice of any deficiency due to market fluctuation in the amount, if any, on deposit in the Certificate Reserve Fund.

(3) Redemptions. Notice of the redemption, other than a mandatory sinking fund redemption, of any of the Certificates, or of any advance refunding of the Certificates, including the principal amount, maturities, and CUSIP numbers thereof.

(B) Notices and Documents to be Provided by County. While the Policy is in effect, the County shall furnish to the Insurer:

(1) Notices of Material Events. Notice of any material events pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

(2) Audited Financial Statements and Budget. Not later than 120 days after the end of each Fiscal Year, the budget for the succeeding fiscal year, audited financial statements for the prior Fiscal Year, and a statement of the amount on deposit in the Certificate Reserve Fund as of the last valuation.

(3) Transcript of Amendments. A full original transcript of all proceedings relating to the execution of any amendment or supplement to this Trust Agreement, the Ground Lease, or the Facilities Lease.

(4) Change in Trustee. Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(5) Notices of Rating Downgrades. Notice of the downgrading by any rating agency of the County's underlying public rating, or the underlying rating on the Certificates, to "non-investment grade."

(6) Disclosure Documents. The Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not it is on parity with the County's obligations under the Facilities Lease.

(7) Additional Information. Such additional information as the Insurer may reasonably request from time to time.

(C) Addresses for Notices. The notice address of the Insurer is:

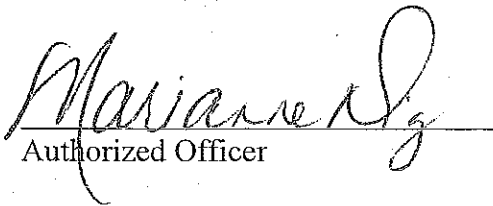
Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Attention: Risk Management

The notice address of the Insurer's Fiscal Agent is:

U.S. Bank Trust National Association
100 Wall Street, 19th Floor
New York, New York 10005
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as trustee

By: 
Authorized Officer

COUNTY OF CALAVERAS

By: _____
Brent Harrington, Interim
County Administrative Officer

(5) Notices of Rating Downgrades. Notice of the downgrading by any rating agency of the County's underlying public rating, or the underlying rating on the Certificates, to "non-investment grade."

(6) Disclosure Documents. The Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not it is on parity with the County's obligations under the Facilities Lease.

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(C) Addresses for Notices. The notice address of the Insurer is:

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Attention: Risk Management

The notice address of the Insurer's Fiscal Agent is:

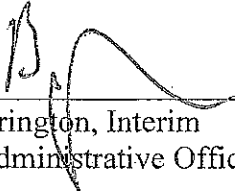
U.S. Bank Trust National Association
100 Wall Street, 19th Floor
New York, New York 10005
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as trustee

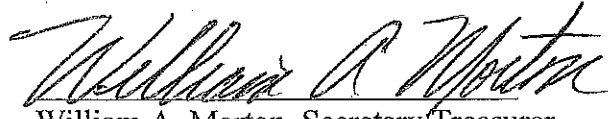
By: _____
Authorized Officer

COUNTY OF CALAVERAS

By:  _____
Brent Harrington, Interim
County Administrative Officer

**PUBLIC PROPERTY FINANCING CORPORATION
OF CALIFORNIA**

By:



William A. Morton, Secretary/Treasurer